Senate Bill No. 1780

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Passed the Senate July 8, 1996

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Secretary of the Senate

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Passed the Assembly July 8, 1996

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Chief Clerk of the Assembly

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This bill was received by the Governor this ___ day of _____, 1996, at ___ o'clock __M.

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Private Secretary of the Governor

CHAPTER ____

An act to amend Section 1611.5 of the Unemployment Insurance Code, to amend Sections 11450, 11450.01, 11450.015, 11450.017, 11450.018, 11453, 11462, 11501, 11501.5, 12200.01, 12200.015, 12200.017, 12200.018, 12201, 12201.03, 12301.6, 12302.1, 12550, 12551, 12552, 16525.10, 16525.40, 17000.6, 17001.5, 19356, and 19356.6 of, to amend and repeal Section 15200.6 of, to add Sections 11462.1 and 11501.1 to, to add Chapter 4.6 (commencing with Section 10830) to Part 2 of Division 9 of, to repeal and add Sections 11466.25, 11487.5, and 19355.5 of, and to repeal, add, and repeal Section 12302.7 of, the Welfare and Institutions Code, relating to public social services, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

SB 1780, Committee on Budget and Fiscal Review. Social services.

Existing law provides for the Aid to Families with Dependent Children (AFDC) program, under which each county provides cash assistance and other benefits to qualified low-income families. Each county is required to pay a share of the cost of both aid grant and administrative costs for the AFDC program.

Existing law also provides for the Food Stamp Program, under which counties distribute food coupons, provided for pursuant to federal law, to eligible households.

This bill would, with specified exceptions, require applicants for, and recipients of, AFDC and Food Stamp benefits, as a condition of eligibility, to be fingerprint imaged, pursuant to a statewide fingerprint imaging system, which would be required to be established pursuant to the bill. Since this program would impose additional duties upon each county, it would constitute a state-mandated local program.

Existing law establishes the Greater Avenues for Independence (GAIN) program, under which each county provides AFDC program recipients with

employment and training services, in accordance with approved county plans. Existing law that is operative until July 1, 1996, also states that the Legislature may appropriate from the Employment Training Fund up to specified amounts in the Budget Acts of 1994 and 1995 for purposes of funding the local assistance portion of the nonfederal share of cost in the GAIN program and to execute training contracts for up to $20,000,000 in excess of amounts appropriated in specified provisions of the Budget Act of 1995.

This bill would eliminate those provisions making that authorization inoperative, would state that the Legislature may appropriate up to $20,000,000 from the Employment Training Fund for purposes of funding the local assistance portion of the nonfederal share of cost in the GAIN program, and would revise those provisions of the authority to execute training contracts to apply to specified provisions of the Budget Act of 1996.

Existing law provides that a specified increase in maximum aid payment levels under the AFDC program, as well as an automatic cost-of-living adjustment in these levels, will take effect on November 1, 1996.

This bill would eliminate a portion of this increase and delay the remainder of this increase, including the automatic cost-of-living adjustment, until November 1, 1997.

Existing law provides that when a family does not include a needy child qualified for AFDC benefits, aid shall be paid to a pregnant mother in the amount that would otherwise be paid to one person, if the mother and child, if born, would have qualified for AFDC benefits.

This bill would limit the payment of aid under these circumstances to the month in which the birth is anticipated and the 3-month period immediately prior to the month in which the birth is anticipated.

Existing law provides for the Aid to Families with Dependent Children-Foster Care (AFDC-FC) program, under which payments are made on behalf of low-income children in foster care placements, including group homes.

Existing law contains ratesetting provisions for group homes that require rate adjustments commencing on November 1, 1996.

This bill would delay application of these provisions until November 1, 1997.

Existing law specifies that a group home AFDC-FC reimbursement rate shall not increase, during the period commencing July 1, 1994, and ending October 31, 1996, as a result of a program change, except under specified circumstances.

This bill would extend this requirement to apply to the entire 1996–97 fiscal year.

This bill would also require the department to develop no later than February 1, 1997, a reimbursement rate proposal for specified children placed in out-of-home care, with this proposal to be implemented only upon statutory authorization.

Existing law contains provisions specifying time periods in which interest begins to accrue on an overpayment to a group home under the AFDC-FC program.

This bill would, instead, provide that interest begins to accrue on a group home overpayment on the date of the issuance of the final audit report.

Existing law, effective until January 1, 1997, requires the department to implement a program in any participating county whereby the department shall be reimbursed for AFDC overpayment recoveries, in accordance with specified criteria.

This bill would indefinitely extend these provisions, but would eliminate the reimbursement criteria, and instead provide that reimbursement would be made to a participating county based on a plan of operations approved by the department, in accordance with specified requirements.

Existing law provides that families who were formerly recipients of AFDC benefits for 3 of the previous 6 months, and who meet all federal requirements for transitional child care, shall be eligible for 12 months of transitional child care.

This bill would, instead, provide that families who were recipients of AFDC benefits for 3 of the previous 6 months, and who meet all federal requirements for 24 months of transitional child care, shall be eligible for transitional child care for 2 years, with implementation of this provision being subject to the obtaining of federal approval for federal financial participation.

Existing law provides for the State Supplementary Program for the Aged, Blind and Disabled (SSP), which requires the department to contract with the United States Secretary of Health and Human Services to make payments to SSP recipients to supplement Supplemental Security Income (SSI) payments made available pursuant to the federal Social Security Act.

Existing law provides that an increase in maximum SSP payment levels will take effect on November 1, 1996.

This bill would eliminate a portion of this increase and delay the remainder of this increase until November 1, 1997.

Existing law requires that an automatic cost-of-living adjustment be made to SSP benefit levels on January 1, 1997.

This bill would delay that adjustment until January 1, 1998.

Existing law contains provisions for making emergency payments to SSP recipients under certain special circumstances, as defined.

This bill would delay the operative date of these provisions until July 1, 1997.

Existing law provides for the In-Home Supportive Services (IHSS) program, under which, either pursuant to employment by the recipient or by or through contract by the county, qualified aged, blind, and disabled persons are provided with services to enable them to remain in their own homes.

Under existing law, one of the methods by which a county may provide for in-home supportive services is through the creation of a public authority or through a contract with a nonprofit consortium.

This bill would make various changes in provisions relating to the provision of in-home supportive services by a public authority or nonprofit consortium, as well as other provisions governing requirements for county IHSS program contracts.

Existing law, which is operative until July 1, 1997, and is to be repealed on January 1, 1998, permits any county to issue invitations for bids for, and subsequently to enter into, managed care, capitated rate contracts to serve nonseverely impaired IHSS recipients becoming eligible after the start date of contracts. This provision authorizes a county to permit an IHSS recipient eligible prior to the start date of contracts entered into under this provision to receive services from the contractor, if the recipient elects to do so. This provision also authorizes a county that has an existing IHSS contract that is not a managed care capitation contract to negotiate a managed care capitation contract on a sole source basis with the current contractor.

This bill would revise the scope of that authority to enter into contracts by providing for contracting for the provision of IHSS services using a task frequency mode of service delivery, as defined, and would require the county to provide case management. The bill would revise the method of reimbursement for the provision of those services provided under the contracts.

The bill would permit a recipient to choose any available mode of service, and, if receiving services from the contractor, to change his or her provider and to disenroll from the contractor after giving notice.

The bill would also require the State Department of Social Services to make annual reports to the appropriate committees of the Legislature commencing July 1, 1997.

The bill would also extend the operative date of this authority to July 1, 2001, and the repeal date of these provisions until January 1, 2002.

Existing law permits the department to allocate funds to counties to assist in the child support collection program.

This bill would, if AB 1058 is enacted during 1996, and that bill contains specified provisions, also permit the department to allocate funds appropriated in the Budget Act to the Judicial Council for specified family law-related purposes.

Existing law, effective until January 1, 1997, requires the department to conduct a demonstration project, until July 1, 1996, in 10 counties for the placement in foster care of children affected by substance abuse or acquired immune deficiency syndrome (AIDS).

This bill would extend the effective date of these provisions until January 1, 1998, would extend the date during which the demonstration project operates until June 30, 1997, and would impose certain funding requirements for ''recovery services'' provided under the project.

Existing law requires each county to provide aid and health care to its indigent population not supported by other means, with these programs commonly referred to as general assistance programs.

Existing law permits a county to reduce its financial support levels under its general assistance program below statutorily mandated levels upon a showing to the Commission on State Mandates that the county is in significant financial distress.

This bill would make various changes in these provisions.

Existing law also permits a county to take various actions regarding its general assistance program, including the imposition of residency requirements and the imposition of employment-related requirements which, if not met, will be grounds for temporary discontinuance of benefits. This authority will terminate on January 1, 1997.

This bill would indefinitely extend this authority.

Existing law provides for funding of work-activity programs by the Department of Rehabilitation, both as part of its vocational rehabilitation services and as part of the Habilitation Services Program administered by that

department. Work-activity program services are provided to persons with developmental disabilities.

This bill would make changes in ratesetting provisions for these services.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement, including the creation of a State Mandates Claims Fund to pay the costs of mandates that do not exceed $1,000,000 statewide and other procedures for claims whose statewide costs exceed $1,000,000.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.

This bill would declare that it is to take effect immediately as an urgency statute.

The people of the State of California do enact as follows:

SECTION 1. Section 1611.5 of the Unemployment Insurance Code is amended to read:

1611.5. (a) Notwithstanding Section 1611, the Legislature may appropriate from the Employment Training Fund up to twenty million dollars ($20,000,000) in the Budget Act of 1994, twenty-two million seven hundred thirty-five thousand dollars ($22,735,000) in the Budget Act of 1995, and twenty million dollars ($20,000,000) in the Budget Act of 1996 for purposes of funding the local assistance portion of the nonfederal share of cost in the Greater Avenues for Independence (GAIN) program, provided for pursuant to Article 3.2 (commencing with Section 11320) of Chapter 2 of Part 3 of Division 9 of the Welfare and Institutions Code, as administered by the State Department of Social Services.

(b) Notwithstanding any other provision of law, the panel may execute training contracts for up to twenty million dollars ($20,000,000) in excess of the amounts

appropriated by Item 5100-001-0514 of the Budget Act of 1996.

SEC. 1.5. Chapter 4.6 (commencing with Section 10830) is added to Part 2 of Division 9 of the Welfare and Institutions Code, to read:

CHAPTER 4.6. STATEWIDE FINGERPRINT IMAGING SYSTEM

10830. (a) The department and the Health and Welfare Data Center shall design, implement, and maintain a statewide fingerprint imaging system for use in connection with the determination of eligibility for benefits under the Aid to Families with Dependent Children (AFDC) program under Chapter 2 (commencing with Section 11200) of Part 3 excluding Aid to Families with Dependent Children-Foster Care (AFDC-FC), and the Food Stamp Program under Chapter 10 (commencing with Section 18900) of Part 6.

(b) (1) Every applicant for, or recipient of, aid under Chapter 2 (commencing with Section 11200) of Part 3 excluding the AFDC-FC program and Chapter 10 (commencing with Section 18900) of Part 6, other than dependent children or persons who are physically unable to be fingerprint imaged, shall, as a condition of eligibility for assistance, be required to be fingerprint imaged.

(2) A person subject to the requirements of paragraph (1) shall not be eligible for the Aid to Families with Dependent Children program or the Food Stamp Program until fingerprint images are provided, except as provided in subdivision (e). Ineligibility may extend to an entire case of any person who refuses to provide fingerprint images.

(c) The department may adopt emergency regulations to implement this section specifying the statewide fingerprint imaging requirements and exemptions to the requirements in accordance with the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code). The initial adoption of any emergency regulations implementing this section,

as added during the 1996 portion of the 1995–96 Regular Session, shall be deemed to be an emergency and necessary for the immediate preservation of the public peace, health and safety, or general welfare. Emergency regulations adopted pursuant to this subdivision shall remain in effect for no more than 180 days.

(d) All persons required to be fingerprint imaged pursuant to this section shall be informed that fingerprint images obtained pursuant to this section shall be used only for the purpose of verifying eligibility and preventing multiple enrollments in the Aid to Families with Dependent Children program or the Food Stamp Program. The department, county welfare agencies, and all others shall not use or disclose the data collected and maintained for any purpose other than the prevention or prosecution of fraud. Fingerprint imaging information obtained pursuant to this section shall be confidential under Section 10850.

(e) (1) Except as provided in paragraph (2), the fingerprint imaging required under this chapter shall be scheduled only during the application appointment or other regularly scheduled appointments. No other special appointment shall be required. No otherwise eligible individual shall be ineligible to receive benefits under this chapter due to any technical problem occurring in the fingerprint imaging system or as long as the person consents to and is available for fingerprint imaging at a mutually agreed upon time, not later than 60 days from the initial attempt to complete fingerprint imaging.

(2) During the first nine months following implementation, recipients may be scheduled for separate appointments to complete the fingerprint imaging required by this section. Notice shall be mailed first class by the department to recipients at least 10 days prior to the appointment, and shall include procedures for the recipient to reschedule the scheduled appointment within 30 days.

(f) If the fingerprint image of an applicant or recipient of aid to which this section applies matches another fingerprint image on file, the county shall notify the

applicant or recipient. In the event that a match is appealed, the fingerprint image match shall be verified by a trained individual and any matching case files reviewed prior to the denial of benefits. Upon confirmation that the applicant or recipient is receiving or attempting to receive multiple Aid to Families with Dependent Children program checks, a county fraud investigator shall be notified.

SEC. 2. Section 11450 of the Welfare and Institutions Code is amended to read:

11450. (a) (1) Aid shall be paid for each needy family, which shall include all eligible brothers and sisters of each eligible applicant or recipient child and the parents of the children, but shall not include unborn children, or recipients of aid under Chapter 3 (commencing with Section 12000), qualified for aid under this chapter. In determining the amount of aid paid, the family's income, exclusive of any amounts considered exempt as income or paid pursuant to subdivision (e) or Section 11453.1 shall be deducted from the sum specified in Section 11452, as adjusted for cost-of-living increases pursuant to Section 11453 and paragraph (2) of subdivision (a) of Section 11450. In no case shall the amount of aid paid for each month exceed the sum specified in the following table, as adjusted for cost-of-living increases pursuant to Section 11453 and paragraph (2) of subdivision (a) of Section 11450, plus any special needs, as specified in subdivisions (c), (e), and (f):

Number of eligible needy persons in the same home	Maximum aid
1	$ 326
2	535
3	663
4	788
5	899
6	1,010
7	1,109
8	1,209
9	1,306
10 or more	1,403

If, when, and during such times as the United States government increases or decreases its contributions in assistance of needy children in this state above or below the amount paid on July 1, 1972, the amounts specified in the above table shall be increased or decreased by an amount equal to that increase or decrease by the United States government, provided that no increase or decrease shall be subject to subsequent adjustment pursuant to Section 11453.

(2) The sums specified in paragraph (1) shall not be adjusted for cost of living for the 1990–91, 1991–92, 1992–93, 1993–94, 1994–95, 1995–96, and 1996–97 fiscal years, and through October 31, 1997, nor shall that amount be included in the base for calculating any cost-of-living increases for any fiscal year thereafter. Elimination of the cost-of-living adjustment pursuant to this paragraph shall satisfy the requirements of Section 11453.05, and no further reduction shall be made pursuant to that section.

(b) When the family does not include a needy child qualified for aid under this chapter, aid shall be paid to a pregnant mother for the month in which the birth is anticipated and for the three-month period immediately prior to the month in which the birth is anticipated in the amount which would otherwise be paid to one person, as

specified in subdivision (a), if the mother, and child if born, would have qualified for aid under this chapter. Verification of pregnancy shall be required as a condition of eligibility for aid under this subdivision. Aid shall also be paid to a pregnant woman with no other children in the amount which would otherwise be paid to one person under subdivision (a) at any time after verification of pregnancy if the pregnant woman is also eligible for the Cal-Learn Program described in Article 3.5 (commencing with Section 11331) and if the mother and child, if born, would have qualified for aid under this chapter.

(c) The amount of forty-seven dollars ($47) per month shall be paid to pregnant mothers qualified for aid under subdivision (a) or (b) to meet special needs resulting from pregnancy if the mother, and child, if born, would have qualified for aid under this chapter. County welfare departments shall refer all recipients of aid under this subdivision to a local provider of the Women, Infants and Children program. If that payment to pregnant mothers qualified for aid under subdivision (a) is considered income under federal law in the first five months of pregnancy, payments under this subdivision shall not apply to persons eligible under subdivision (a), except for the month in which birth is anticipated and for the three-month period immediately prior to the month in which delivery is anticipated, if the mother, and the child if born, would have qualified for aid under this chapter.

(d) For children receiving AFDC-FC under this chapter, there shall be paid, exclusive of any amount considered exempt as income, an amount of aid each month which, when added to the child's income, is equal to the rate specified in Section 11460, 11461, 11462, 11462.1, or 11463. In addition, the child shall be eligible for special needs, as specified in departmental regulations.

(e) In addition to the amounts payable under subdivision (a) and Section 11453.1, a family shall be entitled to receive an allowance for recurring special needs not common to a majority of recipients. These recurring special needs shall include, but not be limited

to, special diets upon the recommendation of a physician for circumstances other than pregnancy, and unusual costs of transportation, laundry, housekeeping service, telephone, and utilities. The recurring special needs allowance for each family per month shall not exceed that amount resulting from multiplying the sum of ten dollars ($10) by the number of recipients in the family who are eligible for assistance.

(f) After a family has used all available liquid resources, both exempt and nonexempt, in excess of one hundred dollars ($100), the family shall also be entitled to receive an allowance for nonrecurring special needs.

(1) An allowance for nonrecurring special needs shall be granted for replacement of clothing and household equipment and for emergency housing needs other than those needs addressed by paragraph (2). These needs shall be caused by sudden and unusual circumstances beyond the control of the needy family. The department shall establish the allowance for each of the nonrecurring special need items. The sum of all nonrecurring special needs provided by this subdivision shall not exceed six hundred dollars ($600) per event.

(2) Homeless assistance is available to a homeless family seeking shelter when the family is eligible for aid under this chapter. Homeless assistance for temporary shelter is also available to homeless families which are apparently eligible for aid under this chapter. Apparent eligibility exists when evidence presented by the applicant or which is otherwise available to the county welfare department and the information provided on the application documents indicate that there would be eligibility for aid under this chapter if the evidence and information were verified. However, an alien applicant who does not provide verification of his or her eligible alien status, or a woman with no eligible children who does not provide medical verification of pregnancy, is not apparently eligible for purposes of this section.

A family is considered homeless, for the purpose of this section, when the family lacks a fixed and regular nighttime residence; or the family has a primary

nighttime residence that is a supervised publicly or privately operated shelter designed to provide temporary living accommodations; or the family is residing in a public or private place not designed for, or ordinarily used as, a regular sleeping accommodation for human beings.

(A) (i) A nonrecurring special need of thirty dollars ($30) a day shall be available to families for the costs of temporary shelter, subject to the requirements of this paragraph. County welfare departments may increase the daily amount available for temporary shelter to large families as necessary to secure the additional bed space needed by the family.

(ii) This special need shall be granted or denied immediately upon the family's application for homeless assistance, and benefits shall be available for up to three working days. The county welfare department shall verify the family's homelessness within the first three working days and if the family meets the criteria of questionable homelessness established by the department, the county welfare department shall refer the family to its early fraud prevention and detection unit, if the county has such a unit, for assistance in the verification of homelessness within this period.

(iii) After homelessness has been verified, the three-day limit shall be extended for a period of time which, when added to the initial benefits provided, does not exceed a total of 16 calendar days. This extension of benefits shall be done in increments of one week and shall be based upon searching for permanent housing which shall be documented on a housing search form; good cause; or other circumstances defined by the department. Documentation of housing search shall be required for the initial extension of benefits beyond the three-day limit and on a weekly basis thereafter as long as the family is receiving temporary shelter benefits. Good cause shall include, but is not limited to, situations in which the county welfare department has determined that the family, to the extent it is capable, has made a good faith

but unsuccessful effort to secure permanent housing while receiving temporary shelter benefits.

(B) A nonrecurring special need for permanent housing assistance is available to pay for last month's rent and security deposits when these payments are reasonable conditions of securing a residence.

The last month's rent portion of the payment (1) shall not exceed 80 percent of the family's maximum aid payment without special needs for a family of that size and (2) shall only be made to families that have found permanent housing costing no more than 80 percent of the family's maximum aid payment without special needs for a family of that size, in accordance with the maximum aid schedule specified in subdivision (a).

However, if the county welfare department determines that a family intends to reside with individuals who will be sharing housing costs, the county welfare department shall, in appropriate circumstances, set aside the condition specified in clause (2) of the preceding paragraph.

(C) The nonrecurring special need for permanent housing assistance is also available to cover the standard costs of deposits for utilities which are necessary for the health and safety of the family.

(D) A payment for or denial of permanent housing assistance shall be issued no later than one working day from the time that a family presents evidence of the availability of permanent housing. If an applicant family provides evidence of the availability of permanent housing before the county welfare department has established eligibility for aid under this chapter, the county welfare department shall complete the eligibility determination so that the denial of or payment for permanent housing assistance is issued within one working day from the submission of evidence of the availability of permanent housing, unless the family has failed to provide all of the verification necessary to establish eligibility for aid under this chapter.

(E) (i) Except as provided in clauses (ii) and (iii), eligibility for the temporary shelter assistance and the

permanent housing assistance pursuant to this paragraph shall be limited to one period of up to 16 consecutive calendar days of temporary assistance and one payment of permanent assistance. Any family that includes a parent or nonparent caretaker relative living in the home who has previously received temporary or permanent homeless assistance at any time on behalf of an eligible child shall not be eligible for further homeless assistance. Any person who applies for homeless assistance benefits shall be informed that the temporary shelter benefit of up to 16 consecutive days is available only once in a lifetime, with certain exceptions, and that a break in the consecutive use of the benefit constitutes permanent exhaustion of the temporary benefit.

(ii) A family that becomes homeless as a direct and primary result of a state or federally declared natural disaster shall be eligible for temporary and permanent homeless assistance.

(iii) A family shall be eligible for temporary and permanent homeless assistance when homelessness is a direct result of domestic violence by a spouse, partner, or roommate; physical or mental illness that is medically verified that shall not include a diagnosis of alcoholism, drug addiction, or psychological stress; or, the uninhabitability of the former residence caused by sudden and unusual circumstances beyond the control of the family including natural catastrophe, fire, or condemnation. These circumstances shall be verified by a third-party governmental or private health and human services agency and homeless assistance payments based on these specific circumstances may not be received more often than once in any 24-month period.

(iv) The county welfare department shall report to the department through a statewide homeless assistance payment indicator system, necessary data, as requested by the department, regarding all recipients of aid under this paragraph.

(F) The county welfare departments, and all other entities participating in the costs of the AFDC program, have the right in their share to any refunds resulting from

payment of the permanent housing. However, if an emergency requires the family to move within the 24-month period specified in subparagraph (E), the family shall be allowed to use any refunds received from its deposits to meet the costs of moving to another residence.

(G) Payments to providers for temporary shelter and permanent housing and utilities shall be made on behalf of families requesting these payments.

(H) The daily amount for the temporary shelter special need for homeless assistance may be increased if authorized by the current year's Budget Act by specifying a different daily allowance and appropriating the funds therefor.

(I) No payment shall be made pursuant to this paragraph unless the provider of housing is a commercial establishment, shelter, or person in the business of renting properties who has a history of renting properties.

(g) The department shall establish rules and regulations assuring the uniform application statewide of this subdivision.

(h) The department shall notify all applicants and recipients of aid through the standardized application form that these benefits are available and shall provide an opportunity for recipients to apply for the funds quickly and efficiently.

(i) Except for the purposes of Section 15200, the amounts payable to recipients pursuant to Section 11453.1 shall not constitute part of the payment schedule set forth in subdivision (a).

The amounts payable to recipients pursuant to Section 11453.1 shall not constitute income to recipients of aid under this section.

SEC. 3. Section 11450.01 of the Welfare and Institutions Code is amended to read:

11450.01. (a) Notwithstanding any other provision of law, commencing October 1, 1992, the maximum aid payments specified in paragraph (1) of subdivision (a) of Section 11450 in effect on July 1, 1992, shall be reduced by 4.5 percent.

(b) (1) The department shall seek the approval from the United States Department of Health and Human Services that is necessary to reduce the maximum aid payments specified in subdivision (a) by an additional amount equal to 1.3 percent of the maximum aid payments specified in paragraph (1) of subdivision (a) of Section 11450 in effect on July 1, 1992.

(2) The reduction provided by this subdivision shall be made on the first day of the month following 30 days after the date of approval by the United States Department of Health and Human Services.

SEC. 4. Section 11450.015 of the Welfare and Institutions Code is amended to read:

11450.015. Notwithstanding any other provision of law, the maximum aid payments in effect on June 30, 1993, in accordance with paragraph (1) of subdivision (a) of Section 11450 as reduced by subdivisions (a) and (b) of Section 11450.01, shall be reduced by 2.7 percent beginning the first of the month following 60 days after the enactment of this section.

SEC. 5. Section 11450.017 of the Welfare and Institutions Code is amended to read:

11450.017. Notwithstanding any other provision of law, the maximum aid payment in effect on June 30, 1994, in accordance with paragraph (1) of subdivision (a) of Section 11450 as reduced by subdivisions (a) and (b) of Section 11450.01 and Section 11450.015, shall be reduced by 2.3 percent beginning the first of the month following 50 days after the effective date of this section.

SEC. 6. Section 11450.018 of the Welfare and Institutions Code is amended to read:

11450.018. (a) Notwithstanding any other provision of law, the maximum aid payment in accordance with paragraph (1) of subdivision (a) of Section 11450 as reduced by subdivisions (a) and (b) of Section 11450.01, Section 11450.015, and Section 11450.017, shall be reduced by 4.9 percent for counties in Region 2, as specified in Section 11452.018.

(b) Notwithstanding any other provision of law, through October 31, 1997, the maximum aid payment in

accordance with paragraph (1) of subdivision (a) of Section 11450, as reduced by subdivision (a) and (b) of Section 11450.01, Section 11450.015, Section 11450.017, and subdivision (a) shall be reduced by 4.9 percent.

(c) Prior to implementing the reductions specified in subdivisions (a) and (b), the director shall apply for and obtain a waiver from the United States Department of Health and Human Services of Section 1396a(c)(1) of Title 42 of the United States Code. The reduction shall be implemented to the extent the waiver is granted and only so long as the waiver is effective. This subdivision shall not apply if either the federal waiver process set forth at Section 1315 of Title 42 of the United States Code or Section 1396a(c) is repealed or modified such that a waiver is not necessary to implement subdivision (a) or (b).

(d) This section shall become operative and the reductions specified in subdivisions (a) and (b) shall commence on the first day of the month following 30 days after the receipt of federal approval or on the first day of the month following 30 days after a change in federal law that allows states to reduce aid payments without any risk to federal funding under Title XIX of the Social Security Act, whichever is earlier, but no earlier than October 1, 1995.

SEC. 7. Section 11453 of the Welfare and Institutions Code is amended to read:

11453. (a) Except as provided in subdivision (c), the amounts set forth in Section 11452 and subdivision (a) of Section 11450 shall be adjusted annually by the department to reflect any increases or decreases in the cost of living. These adjustments shall become effective July 1 of each year, unless otherwise specified by the Legislature. The cost-of-living adjustment shall be calculated by the Department of Finance based on the changes in the California Necessities Index, which as used in this section means the weighted average changes for food, clothing, fuel, utilities, rent, and transportation for low-income consumers. The computation of annual

adjustments in the California Necessities Index shall be made in accordance with the following steps:

(1) The base period expenditure amounts for each expenditure category within the California Necessities Index used to compute the annual grant adjustment are:

Food	$ 3,027
Clothing (apparel and upkeep)	406
Fuel and other utilities	529
Rent, residential	4,883
Transportation	1,757
Total	$10,602

(2) Based on the appropriate components of the Consumer Price Index for All Urban Consumers, as published by the United States Department of Labor, Bureau of Labor Statistics, the percentage change shall be determined for the 12-month period ending with the December preceding the year for which the cost-of-living adjustment will take effect, for each expenditure category specified in subdivision (a) within the following geographical areas: Los Angeles-Long Beach-Anaheim, San Francisco-Oakland, San Diego, and, to the extent statistically valid information is available from the Bureau of Labor Statistics, additional geographical areas within the state which include not less than 80 percent of recipients of aid under this chapter.

(3) Calculate a weighted percentage change for each of the expenditure categories specified in subdivision (a) using the applicable weighting factors for each area used by the State Department of Industrial Relations to calculate the California Consumer Price Index (CCPI).

(4) Calculate a category adjustment factor for each expenditure category in subdivision (a) by (1) adding 100 to the applicable weighted percentage change as determined in paragraph (2) and (2) dividing the sum by 100.

(5) Determine the expenditure amounts for the current year by multiplying each expenditure amount

determined for the prior year by the applicable category adjustment factor determined in paragraph (4).

(6) Determine the overall adjustment factor by dividing (1) the sum of the expenditure amounts as determined in paragraph (4) for the current year by (2) the sum of the expenditure amounts as determined in subdivision (d) for the prior year.

(b) The overall adjustment factor determined by the preceding computation steps shall be multiplied by the schedules established pursuant to Section 11452 and subdivision (a) of Section 11450 as are in effect during the month of June preceding the fiscal year in which the adjustments are to occur and the product rounded to the nearest dollar. The resultant amounts shall constitute the new schedules which shall be filed with the Secretary of State.

(c) (1) No adjustment to the maximum aid payment set forth in subdivision (a) of Section 11450 shall be made under this section for the purpose of increasing the benefits under this chapter for the 1990–91, 1991–92, 1992–93, 1993–94, 1994–95, 1995–96, and 1996–97 fiscal years, and through October 31, 1997, to reflect any change in the cost of living. For the 1997–98 fiscal year, the cost-of-living adjustment that would have been provided on July 1, 1997, pursuant to subdivision (a) shall be made on November 1, 1997. Elimination of the cost-of-living adjustment pursuant to this paragraph shall satisfy the requirements of Section 11453.05, and no further reduction shall be made pursuant to that section.

(2) No adjustment to the minimum basic standard of adequate care set forth in Section 11452 shall be made under this section for the purpose of increasing the benefits under this chapter for the 1990–91 and 1991–92 fiscal years to reflect any change in the cost of living.

(d) Adjustments for subsequent fiscal years pursuant to this section shall not include any adjustments for any fiscal year in which the cost of living was suspended pursuant to subdivision (c).

SEC. 8. Section 11462 of the Welfare and Institutions Code is amended to read:

11462. (a) (1) Effective July 1, 1990, foster care providers licensed as group homes, as defined in departmental regulations, including public child care institutions, as defined in Section 11402.5, shall have rates established by classifying each group home program and applying the standardized schedule of rates. The department shall collect information from group providers beginning January 1, 1990, in order to classify each group home program.

(2) Notwithstanding paragraph (1), foster care providers licensed as group homes shall have rates established only if the group home is organized and operated on a nonprofit basis as required under subdivision (h) of Section 11400. The department shall terminate the rate effective January 1, 1993, of any group home not organized and operated on a nonprofit basis as required under subdivision (h) of Section 11400.

(b) A group home program shall be initially classified, for purposes of emergency regulations, according to the level of care and services to be provided using a point system developed by the department and described in the report, ''The Classification of Group Home Programs under the Standardized Schedule of Rates System,'' prepared by the State Department of Social Services, August 30, 1989.

(c) The rate for each rate classification level (RCL) has been determined by the department with data from the AFDC-FC Group Home Rate Classification Pilot Study. The rates effective July 1, 1990, were developed using 1985 calendar year costs and reflect adjustments to the costs for each fiscal year, starting with the 1986–87 fiscal year, by the amount of the California Necessities Index computed pursuant to the methodology described in Section 11453. The data obtained by the department using 1985 calendar year costs shall be updated and revised by January 1, 1993.

(d) As used in this section, ''standardized schedule of rates'' means a listing of the 14 rate classification levels, the single rate established for each RCL, and the rate floor for each RCL.

(e) The standardized schedule of rates shall be phased in commencing July 1, 1990.

(1) In order to phase in the standardized schedule of rates, a ''rate floor'' has been established for each RCL.

(2) The rate floor for fiscal year 1990–91 shall be 85 percent of the standard rate for each RCL. The rate floor shall be increased to 92.5 percent of the standard rate for fiscal year 1991–92 for each RCL, shall be equal to the standard rate for each RCL for the period July 1, 1992, to September 13, 1992, inclusive, and shall be 92.5 percent of the standard rate for each RCL for the period September 14, 1992, to June 30, 1993, inclusive.

(3) The rate floor for each RCL shall be 95 percent of the standard rate for each RCL for the 1993–94 fiscal year. The rate floor shall be equal to the standard rate for each RCL for the 1994–95 fiscal year and beyond.

(f) Except as specified in paragraph (1), the department shall determine the RCL for each group home program on a prospective basis, according to the level of care and services that the group home operator projects will be provided during the period of time for which the rate is being established.

(1) For a group home program for which the department established a rate effective prior to June 30, 1990, that took into account the program's historical costs, the department shall establish the rate for fiscal year 1990–91 by determining the RCL on a retrospective basis, according to the level of care and services actually provided between July 1 and December 31, 1989, or between July 1, 1989, and March 31, 1990.

(2) Group home programs that fail to maintain at least the level of care and services associated with the RCL upon which their rate was established shall inform the department. The department shall develop regulations specifying procedures to be applied when a group home fails to maintain the level of services projected, including, but not limited to, rate reduction and recovery of overpayments.

(3) The department shall not reduce the rate, establish an overpayment, or take other actions pursuant to

paragraph (2) for any period that a group home program maintains the level of care and services associated with the RCL for children actually residing in the facility. Determinations of levels of care and services shall be made in the same way as modifications of overpayments are made pursuant to paragraph (2) of subdivision (b) of Section 11466.2.

(4) Beginning July 1, 1994, for group homes paid at rates below the standard rate established by subdivision (g), a group home program shall remain at its current RCL if it maintains at least the level of care and services associated with that percentage of the points required to be at that RCL that equals the percentage of the standard rate used to establish the group home's rate. In no event, however, shall points per child per month be reduced more than 10 points below the minimum required for the current RCL. The RCL for a program shall not increase due to the operation of this paragraph absent any program changes approved by the department pursuant to subdivision (k).

(5) A group home program that substantially changes it staffing pattern from that reported in the group home program statement shall provide notification of this change to all counties that have placed children currently in care. This notification shall be provided whether or not the RCL for the program may change as a result of the change in staffing pattern.

(g) The standardized schedule of rates for fiscal year 1990–91 is:

		FY 1990–91	
Rate Classification Level	Point Ranges	Standard Rate	Rate Floor (85%)
1	Under 60	$1,183	$1,006
2	60–89	1,478	1,256
3	90–119	1,773	1,507
4	120–149	2,067	1,757

5	150–179	2,360	2,006
6	180–209	2,656	2,258
7	210–239	2,950	2,508
8	240–269	3,245	2,758
9	270–299	3,539	3,008
10	300–329	3,834	3,259
11	330–359	4,127	3,508
12	360–389	4,423	3,760
13	390–419	4,720	4,012
14	420 & Up	5,013	4,261

(h) (1) For fiscal year 1990–91, the standardized schedule of rates shall be implemented as follows:

(A) Any group home program which received an AFDC-FC rate in the prior fiscal year below the standard rate for the fiscal year 1990–91 RCL shall receive their 1989–90 rate plus an amount equal to the California Necessities Index (CNI). The rate for fiscal year 1990–91 at which the state will participate shall not exceed the standard rate for the RCL.

(B) If the CNI increase to the group home program's fiscal year 1989–90 rate does not raise the group home program to the rate floor for the RCL, the group home program shall receive a rate equal to the rate floor for the RCL.

(C) A group home program which received an AFDC-FC rate for fiscal year 1989–90 at or above the standard rate for the RCL for fiscal year 1990–91 shall continue to receive that fiscal year 1989–90 rate.

(2) For that portion of the 1997–98 fiscal year, commencing on November 1, 1997, and the 1998–99 fiscal year, the standardized rate for each RCL shall be adjusted by an amount equal to the California Necessities Index computed pursuant to the methodology described in Section 11453.

(A) Any group home program which received an AFDC-FC rate in the prior fiscal year at or above the adjusted standard rate for the RCL in the current fiscal year shall continue to receive that rate.

(B) A group home program which received an AFDC-FC rate in the prior fiscal year below the standard rate for the RCL in the current fiscal year shall receive that rate adjusted by an amount equal to the CNI. The rate for the current fiscal year shall not exceed the standard rate for the RCL and shall not be less than the rate floor for the RCL.

(3) Beginning with the 1999–2000 fiscal year. the standardized schedule of rates shall be adjusted annually by an amount equal to the CNI computed pursuant to Section 11453, subject to the availability of funds.

(A) Any group home program which received an AFDC-FC rate in the prior fiscal year at or above the adjusted standard rate for the RCL in the current fiscal year shall continue to receive that rate.

(B) Any group home program which received an AFDC-FC rate in the prior fiscal year below the adjusted standard rate for the RCL in the current fiscal year shall receive the adjusted RCL rate.

(i) (1) (A) The rate for a new group home program of a new or existing provider shall be established at the rate floor for the new program's projected RCL.

(B) On and after the operative date of this subparagraph, the department shall not, prior to July 1, 1993, establish a rate for a new group home program of a new or existing provider.

(2) The department shall not establish a rate for a new program of a new or existing provider unless the provider submits a recommendation from the host county, the primary placing county, or a regional consortium of counties that the program is needed in that county; that the provider is capable of effectively and efficiently operating the program; and that the provider is willing and able to accept AFDC-FC children for placement who are determined by the placing agency to need the level of care and services that will be provided by the program.

(3) The department shall encourage the establishment of consortia of county placing agencies on a regional basis for the purpose of making decisions and recommendations about the need for, and use of, group

home programs and other foster care providers within the regions.

(4) The department shall annually conduct a county-by-county survey to determine the unmet placement needs of children placed pursuant to Sections 300 and Section 601 or 602, and shall publish its findings by November 1 of each year.

(j) The department shall develop regulations specifying ratesetting procedures for program expansions, reductions, or modifications, including increases or decreases in licensed capacity, or increases or decreases in level of care or services.

(k) (1) For the purpose of this subdivision, ''program change'' means any alteration to an existing group home program planned by a provider that will increase the RCL or AFDC-FC rate. An increase in the licensed capacity or other alteration to an existing group home program that does not increase the RCL or AFDC-FC rate shall not constitute a program change.

(2) (A) Prior to July 1, 1993, the rate for a group home program shall not increase, as the result of a program change, from the rate established for the program effective June 30, 1992. For rate increases as a result of a program change which became effective between July 1, 1992, and the effective date of this paragraph, the department shall adjust rates downward as necessary to comply with this chapter. Notwithstanding any other provisions of law, a group home provider shall be allowed to change a group home program to reflect a decrease in services due to the provisions of this paragraph.

(B) For the 1993–94 fiscal year, the rate for a group home program shall not increase, as the result of a program change, from the rate established for the program effective July 1, 1993, except as provided in paragraph (3).

(C) For the 1994–95 fiscal year, the 1995–96 fiscal year, and the 1996–97 fiscal year, the rate for a group home program shall not increase, as the result of a program change, from the rate established for the program

effective July 1, 1994, except as provided in paragraph (3).

(3) (A) For the 1993–94 fiscal year, the 1994–95 fiscal year, the 1995–96 fiscal year, and the 1996–97 fiscal year, the department shall not establish a rate for a new program of a new or existing provider or approve a program change for an existing provider that either increases the program's RCL or AFDC-FC rate, or increases the licensed capacity of the program as a result of decreases in another program with a lower RCL or lower AFDC-FC rate that is operated by that provider, unless both of the conditions specified in this paragraph are met.

(i) The licensee obtains a letter of recommendation from the host county, primary placing county, or regional consortium of counties regarding the proposed program change or new program.

(ii) The county determines that there is no increased cost to the General Fund.

(B) Notwithstanding subparagraph (A), the department may grant a request for a new program or program change, not to exceed 25 beds, statewide, if (i) the licensee obtains a letter of recommendation from the host county, primary placing county, or regional consortium of counties regarding the proposed program change or new program, and (ii) the new program or program change will result in a reduction of referrals to state hospitals during the 1993–94 fiscal year, the 1994–95 fiscal year, the 1995–96 fiscal year, or the 1996–97 fiscal year.

(*l*) General unrestricted or undesignated private charitable donations and contributions made to charitable or nonprofit organizations shall not be deducted from the cost of providing services pursuant to this section.

(m) The department shall, by October 1 each year, commencing October 1, 1992, provide the Joint Legislative Budget Committee with a list of any new departmental requirements established during the previous fiscal year concerning the operation of group

homes, and of any unusual, industrywide increase in costs associated with the provision of group care which may have significant fiscal impact on providers of group homes care. The committee may, in fiscal year 1993–94 and beyond, use the list to determine whether an appropriation for rate adjustments is needed in the subsequent fiscal year.

(n) This section shall become operative on July 1, 1995.

SEC. 9. Section 11462.1 is added to the Welfare and Institutions Code, to read:

11462.1. (a) No later than February 1, 1997, the department shall establish a proposal for a basic rate for the care and supervision of children subject to Section 300 or Section 602 who are placed in out-of-home care facilities, regardless of the type of placement. In addition, the proposal shall include a rate structure with incremental rates for various service components provided to children subject to Section 300 or Section 602 who are placed in out-of-home care to facilitate the provision of those services according to the individual needs of each child.

(b) The rate structure proposed pursuant to subdivision (a) shall, in the aggregate, cost no more than the aggregate cost of the rate structure in effect on January 1, 1997.

(c) The department, in developing the rate structure proposal required by this section, shall seek and consider the advice and participation of county welfare and probation departments, group home providers, foster family agencies, group home associations, the Foster Parent Association, representatives of the Legislature, and other interested parties.

(d) The department shall provide the proposal to the chairs of the appropriate policy committees and fiscal committees in the Senate and the Assembly by February 1, 1997. Any change to the current rate system proposed by the department pursuant to this section shall require statutory authorization.

SEC. 10. Section 11466.25 of the Welfare and Institutions Code is repealed.

SEC. 11. Section 11466.25 is added to the Welfare and Institutions Code, to read:

11466.25. Interest begins to accrue on a group home provider overpayment on the date of the issuance of the final audit report.

SEC. 12. Section 11487.5 of the Welfare and Institutions Code is repealed.

SEC. 13. Section 11487.5 is added to the Welfare and Institutions Code, to read:

11487.5. (a) Notwithstanding any other provision of law, including Sections 11487 and 15204.5, the department shall implement a program in any participating county whereby the county shall be reimbursed for overpayment recoveries under Section 11004 as follows:

(1) Reimbursement shall be made to a participating county based on a plan of operations for a program of overpayment recoveries that is approved by the department. No operating plan shall be approved by the department unless the plan contains assurances that the participating county will maintain a centralized unit or designate a person or persons to perform the overpayment recovery activities.

(2) Reimbursement shall be made for all allowable administrative costs incurred, as defined by the department, to make a recovery of overpayments under Section 11004, not to exceed the state's share of the overpayments recovered by the county.

(b) For purposes of this section, ''participating county'' means any county in which the welfare director applies to the department for participation in the program prescribed by this section.

(c) On or before January 30, 1997, the department shall report to the appropriate committees of the Legislature on the implementation of this section.

(d) This section shall be implemented when both of the following have occurred:

(1) The federal government has made funding available for the activities described in this section.

(2) The Department of Finance has examined the annual projection of costs and savings for these activities certified by the director, and has determined that during each fiscal year in which the director proposes to implement these provisions the savings to the General Fund from increased overpayment recoveries equals or exceeds the additional costs to the state.

SEC. 14. Section 11501 of the Welfare and Institutions Code is amended to read:

11501. (a) Families who were formerly recipients of aid under this chapter for three of the previous six months, and who meet all federal requirements for transitional child care shall be eligible for 12 months of transitional child care under this article. Transitional child care services shall include the same services as those child care supportive services provided under subdivision (b) and paragraphs (1), (2), and (5) of subdivision (c) of Section 11323.8, except for those portions which are specifically prohibited by federal law or regulations.

(b) To the extent permissible under federal law and regulations, transitional child care supportive services provided pursuant to subdivision (b) and paragraphs (1), (2), and (5) of subdivision (c) of Section 11323.8 shall be provided by the county in the same manner as they are provided to families in the county GAIN program. The county may contract out with public and private child care programs to provide any or all of the services.

(c) No funding shall be provided for nonfederal cases or for costs which are not eligible for federal matching funds unless specifically provided under this chapter.

(d) This section shall become inoperative if, and commencing on the date that, the director executes a declaration, that shall be retained by the director, stating that any federal approval required for federal financial participation in the provision of transitional child care pursuant to Section 11501.1, as added during the 1996 portion of the 1995–96 Regular Session of the Legislature, has been obtained, and shall remain inoperative until the date that either Section 11501.1 is repealed or the director

executes a declaration, that shall be retained by the director, stating that federal financial participation for implementation of Section 11501.1 has terminated, whichever occurs first.

SEC. 15. Section 11501.1 is added to the Welfare and Institutions Code, to read:

11501.1. (a) Families who were formerly recipients of aid under this chapter for three of the previous six months, and who meet all federal requirements for transitional child care, shall be eligible for 24 months of transitional child care under this article. Transitional child care services shall include the same services as those child care supportive services provided under subdivision (b) and paragraphs (1), (2), and (5) of subdivision (c) of Section 11323.8, except for those portions that are specifically prohibited by federal law or regulations.

(b) To the extent permissible under federal law and regulations, transitional child care supportive services provided pursuant to subdivision (b) and paragraphs (1), (2), and (5) of subdivision (c) of Section 11323.8, shall be provided by the county in the same manner as they are provided to families in Article 3.2 (commencing with Section 11320). The county may contract with public and private child care programs to provide any or all of the services.

(c) No funding shall be provided for nonfederal cases or for costs that are not eligible for federal matching funds unless specifically provided under this chapter.

(d) It is the intent of the Legislature that, to the extent feasible, in order to promote the efficient delivery of services, social service agencies, in implementing this section, shall operate in cooperation with existing child care delivery systems in their area.

(e) No later than October 1, 1996, the director shall seek approval from the United States Department of Health and Human Services for federal financial participation in the implementation of this section.

(f) Subdivisions (a) to (c), inclusive, shall be implemented only if, and commencing on the date that,

the director executes a declaration, that shall be retained by the director, stating that approval for federal financial participation has been obtained in accordance with subdivision (d).

SEC. 15.5. Section 11501.5 of the Welfare and Institutions Code is amended to read:

11501.5. (a) Families who, because of marriage or because separated spouses reunite, lose eligibility under this chapter because the family either no longer meets the need requirement specified in Section 11250 or has increased assets or income, or both, shall be eligible for transitional child care benefits as specified under this article for a period not to exceed 12 months.

(b) This section shall not be implemented until the director has executed a declaration, that shall be retained by the director, that any necessary waivers and federal financial participation have been obtained.

SEC. 16. Section 12200.01 of the Welfare and Institutions Code is amended to read:

12200.01. (a) Notwithstanding any other provision of law, commencing November 1, 1992, the payments schedules set forth in Section 12200 in effect on June 30, 1992, except subdivisions (e), (g), and (h) shall be reduced by 5.8 percent.

(b) Notwithstanding subdivision (a), in no event shall the combined amount of the federal Supplementary Security Income payment and the state Supplementary State Program payment level for any applicant or recipient be reduced below the level required by the federal Social Security Act in order to maintain eligibility for federal funding under Title XIX of the federal Social Security Act (Subchapter 19 (commencing with Section 1396) of Chapter 7 of Title 42 of the United States Code).

SEC. 17. Section 12200.015 of the Welfare and Institutions Code is amended to read:

12200.015. (a) Notwithstanding any other provision of law, the maximum aid payments in effect on June 30, 1993, in accordance with Section 12200, as reduced by subdivision (a) of Section 12200.01, except subdivisions (e), (g), and (h) of Section 12200, shall be reduced by 2.7

percent beginning the first of the month following 60 days after the enactment of this section.

(b) Notwithstanding subdivision (a), in no event shall the payment schedules be reduced below the level required by the federal Social Security Act in order to maintain eligibility for federal funding under Title XIX of the federal Social Security Act, contained in Subchapter 19 (commencing with Section 1396) of Chapter 7 of Title 42 of the United States Code.

SEC. 18. Section 12200.017 of the Welfare and Institutions Code is amended to read:

12200.017. (a) Notwithstanding any other provision of law, the maximum aid payments in effect on June 30, 1994, in accordance with Section 12200, as reduced by subdivision (a) of Section 12200.01 and Section 12200.015, except subdivisions (e), (g), and (h) of Section 12200, shall be reduced by 2.3 percent effective September 1, 1994.

(b) Notwithstanding subdivision (a), in no event shall any maximum aid payment schedule in any payment category established pursuant to Section 12200 be reduced below the level required by the federal Social Security Act in order to maintain eligibility for federal funding under Title XIX of the federal Social Security Act, contained in Subchapter 19 (commencing with Section 1396) of Chapter 7 of Title 42 of the United States Code.

(c) In no event shall the reduction of any maximum aid payment level pursuant to this section result in a change in share of cost or eligibility for services under Article 7 (commencing with Section 12300) for any aged, blind, or disabled person who was receiving services under that article in 1994 prior to the enactment of this section because of that reduction in maximum aid payment, provided he or she continues to meet other applicable requirements.

SEC. 19. Section 12200.018 of the Welfare and Institutions Code is amended to read:

12200.018. (a) If permitted by federal law, and notwithstanding any other provision of law, through

October 31, 1997, the payment schedules set forth in Section 12200 in effect on June 30, 1995, as reduced by subdivision (a) of Section 12200.01, Section 12200.015, and subdivision (a) of Section 12200.017, except subdivisions (e), (g), and (h), shall be reduced by 4.9 percent.

(b) If permitted by federal law, and notwithstanding any other provision of law, the payment schedules set forth in Section 12200 in effect on June 30, 1995, as reduced by subdivision (a) of Section 12200.01, Section 12200.015, subdivision (a) of Section 12200.017, and subdivision (a) of this section, except subdivision (e), (g), and (h), shall be adjusted, for each county to reflect regional variations in housing costs based on the lowest quartile of monthly rents reported in the Decennial Census data for 1990, in the following manner:

(1) For the regions where the lowest quartile rent equals or exceeds four hundred dollars ($400) per month, the payment schedules shall not be reduced. This region shall consist of the following counties:

(A) Alameda County
(B) Contra Costa County
(C) Los Angeles County
(D) Marin County
(E) Monterey County
(F) Napa County
(G) Orange County
(H) San Diego County
(I) San Francisco County
(J) San Luis Obispo County
(K) San Mateo County
(L) Santa Barbara County
(M) Santa Clara County
(N) Santa Cruz County
(O) Solano County
(P) Sonoma County
(Q) Ventura County

(2) For counties where lowest quartile rent is below four hundred dollars ($400) per month, the payment schedules shall be reduced by 4.9 percent. This paragraph shall apply to the following counties:

(A) Alpine County
(B) Amador County
(C) Butte County
(D) Calaveras County
(E) Colusa County
(F) Del Norte County
(G) El Dorado County
(H) Fresno County
(I) Glenn County
(J) Humboldt County
(K) Imperial County
(L) Inyo County
(M) Kern County
(N) Kings County
(O) Lake County
(P) Lassen County
(Q) Madera County
(R) Mariposa County
(S) Mendocino County
(T) Merced County
(U) Modoc County
(V) Mono County
(W) Nevada County
(X) Placer County
(Y) Plumas County
(Z) Riverside County
(AA) Sacramento County
(AB) San Benito County
(AC) San Bernardino County
(AD) San Joaquin County
(AE) Shasta County
(AF) Sierra County
(AG) Siskiyou County
(AH) Stanislaus County
(AI) Sutter County
(AJ) Tehama County
(AK) Trinity County
(AL) Tulare County
(AM) Tuolumne County
(AN) Yolo County

(AO) Yuba County

(c) Subdivisions (a) and (b) shall be operative, and the reductions in payment schedules shall commence on the first of the month following approval and implementation by the Social Security Administration but no earlier than December 1, 1995.

(d) Subdivisions (a) and (b) shall not be operative if any payment schedule set forth in Section 12200 would be reduced below the level required by subsection (e) of Section 1382g of Title 42 of the United States Code in order to maintain eligibility for federal funding under Title XIX of the Social Security Act, contained in Subchapter 19 (commencing with Section 1396) of Chapter 7 of Title 42 of the United States Code.

(e) If subdivisions (a) and (b) are not operative, the payment schedules set forth in Section 12200, except subdivisions (e), (g), and (h), shall for the 1996–97 fiscal year through October 31, 1997, be reduced, commencing December 1, 1995, to the minimum amounts, not to exceed 4.9 percent of the maximum aid payment in effect on June 30, 1995, permitted by the federal Social Security Act by subsection (e) of Section 1382g of Title 42 of the United States Code that will maintain eligibility for federal funding under Title XIX of the Social Security Act, contained in Subchapter 19 (commencing with Section 1396) of Chapter 7 of Title 42 of the United States Code.

(f) In no event shall the reduction of any payment schedule pursuant to this section result in a change in eligibility or share of cost for services under Article 7 (commencing with Section 12300) for any aged, blind, or disabled person who was receiving services under that article in 1995 prior to the enactment of this section because of that reduction in maximum aid payment, provided he or she continues to meet other applicable requirements.

SEC. 20. Section 12201 of the Welfare and Institutions Code is amended to read:

12201. (a) Except as provided in subdivision (d), the payment schedules set forth in Section 12200 shall be

adjusted annually to reflect any increases or decreases in the cost of living. These adjustments shall become effective January 1 of each year. The cost-of-living adjustment shall be based on the changes in the California Necessities Index, which as used in this section shall be the weighted average of changes for food, clothing, fuel, utilities, rent, and transportation for low-income consumers. The computation of annual adjustments in the California Necessities Index shall be made in accordance with the following steps:

(1) The base period expenditure amounts for each expenditure category within the California Necessities Index used to compute the annual grant adjustment are:

Food	$ 3,027
Clothing (apparel and upkeep)	406
Fuel and other utilities	529
Rent, residential	4,883
Transportation	1,757
Total	$10,602

(2) Based on the appropriate components of the Consumer Price Index for All Urban Consumers, as published by the United States Department of Labor, Bureau of Labor Statistics, the percentage change shall be determined for the 12-month period which ends twelve months prior to the January in which the cost-of-living adjustment will take effect, for each expenditure category specified in paragraph (1) within the following geographical areas: Los Angeles-Long Beach-Anaheim, San Francisco-Oakland, San Diego, and, to the extent statistically valid information is available from the Bureau of Labor Statistics, additional geographical areas within the state which include not less than 80 percent of recipients of aid under this chapter.

(3) Calculate a weighted percentage change for each of the expenditure categories specified in subdivision (a) using the applicable weighting factors for each area used

by the State Department of Industrial Relations to calculate the California Consumer Price Index (CCPI).

(4) Calculate a category adjustment factor for each expenditure category in paragraph (1) by (1) adding 100 to the applicable weighted percentage change as determined in paragraph (2) and (2) dividing the sum by 100.

(5) Determine the expenditure amounts for the current year by multiplying each expenditure amount determined for the prior year by the applicable category adjustment factor determined in paragraph (4).

(6) Determine the overall adjustment factor by dividing (1) the sum of the expenditure amounts as determined in paragraph (4) for the current year by (2) the sum of the expenditure amounts as determined in paragraph (4) for the prior year.

(b) The overall adjustment factor determined by the preceding computational steps shall be multiplied by the payment schedules established pursuant to Section 12200 as are in effect during the month of December preceding the calendar year in which the adjustments are to occur, and the product rounded to the nearest dollar. The resultant amounts shall constitute the new schedules for the categories given under subdivisions (a), (b), (c), (d), (e), (f), and (g) of Section 12200, and shall be filed with the Secretary of State. The amount as set forth in subdivision (h) of Section 12200 shall be adjusted annually pursuant to this section in the event that the secretary agrees to administer payment under that subdivision. The payment schedule for subdivision (i) of Section 12200 shall be computed as specified, based on the new payment schedules for subdivisions (a), (b), (c), and (d) of Section 12200.

(c) The department shall adjust any amounts of aid under this chapter to insure that the minimum level required by the Social Security Act in order to maintain eligibility for funds under Title XIX of that act is met.

(d) (1) No adjustment shall be made under this section for the 1991, 1992, 1993, 1994, 1995, 1996, and 1997 calendar years to reflect any change in the cost of living.

Elimination of the cost-of-living adjustment pursuant to this paragraph shall satisfy the requirements of Section 12201.05, and no further reduction shall be made pursuant to that section.

(2) Any cost-of-living adjustment granted under this section for any calendar year shall not include adjustments for any calendar year in which the cost of living was suspended pursuant to paragraph (1).

SEC. 21. Section 12201.03 of the Welfare and Institutions Code is amended to read:

12201.03. (a) For the 1992, 1993, 1994, 1995, 1996, and 1997 calendar years, if no cost-of-living adjustment is made pursuant to Section 12201, the payment schedules set forth in Sections 12200, 13920, and 13921, as adjusted pursuant to Section 12201, shall include the pass along of any cost-of-living increases in federal benefits under Subchapter 16 (commencing with Section 1381) of Chapter 7 of Title 42 of the United States Code.

(b) Notwithstanding paragraph (2) of subdivision (d) of Section 12201, any adjustments made pursuant to this section to reflect the pass along of federal cost-of-living adjustments shall be included in the base amounts for purposes of determining cost-of-living adjustments made pursuant to Section 12201.

(c) Notwithstanding subdivision (a), no pass along of any cost-of-living increase in federal benefits under Subchapter 16 (commencing with Section 1381) of Chapter 7 of Title 42 of the United States Code shall be made in 1994. This provision shall not apply to those persons receiving payments pursuant to subdivisions (e), (g), and (h) of Section 12200.

(d) Notwithstanding subdivision (a), in no event shall the payment schedules be reduced below the level required by the federal Social Security Act in order to maintain eligibility for federal funding under Title XIX of the federal Social Security Act, contained in Subchapter 19 (commencing with Section 1396) of Chapter 7 of Title 42 of the United States Code.

SEC. 22. Section 12301.6 of the Welfare and Institutions Code is amended to read:

12301.6. (a) Notwithstanding Sections 12302 and 12302.1, a county board of supervisors may, at its option, elect to do either of the following:

(1) Contract with a nonprofit consortium to provide for the delivery of in-home supportive services.

(2) Establish, by ordinance, a public authority to provide for the delivery of in-home supportive services.

(b) (1) To the extent that a county elects to establish a public authority pursuant to paragraph (2) of subdivision (a), the enabling ordinance shall specify the membership of the governing body of the public authority, the qualifications for individual members, the manner of appointment, selection, or removal of members, how long they shall serve, and other matters as the board of supervisors deems necessary for the operation of the public authority.

(2) A public authority established pursuant to paragraph (2) of subdivision (a) shall be both of the following:

(A) An entity separate from the county, and shall be required to file the statement required by Section 53051 of the Government Code.

(B) A corporate public body, exercising public and essential governmental functions and that has all powers necessary or convenient to carry out the delivery of in-home supportive services, including the power to contract for services pursuant to Sections 12302 and 12302.1 and that makes or provides for direct payment to a provider chosen by the recipient for the purchase of services pursuant to Sections 12302 and 12302.2. Employees of the public authority shall not be employees of the county for any purpose.

(3) (A) As an alternative, the enabling ordinance may designate the board of supervisors as the governing body of the public authority.

(B) Any enabling ordinance that designates the board of supervisors as the governing body of the public authority shall also specify that no fewer than 50 percent of the membership of the advisory committee shall be individuals who are current or past users of personal

assistance services paid for through public or private funds or recipients of services under this article.

(C) If the enabling ordinance designates the board of supervisors as the governing body of the public authority, it shall also require the appointment of an advisory committee of not more than 11 individuals who shall be designated in accordance with subparagraph (B).

(D) Prior to making designations of committee members pursuant to subparagraph (C), or governing body members in accordance with paragraph (4), the board of supervisors shall solicit recommendations of qualified members of either the governing body of the public authority or of any advisory committee through a fair and open process that includes the provision of reasonable, written notice to, and a reasonable response time by, members of the general public and interested persons and organizations.

(4) If the enabling ordinance does not designate the board of supervisors as the governing body of the public authority, the enabling ordinance shall require the membership of the governing body to meet the requirements of subparagraph (B) of paragraph (3).

(c) (1) Any public authority created pursuant to this section shall be deemed to be the employer of in-home supportive services personnel referred to recipients under paragraph (3) of subdivision (d) within the meaning of Chapter 10 (commencing with Section 3500) of Division 4 of Title 1 of the Government Code. Recipients shall retain the right to hire, fire, and supervise the work of any in-home supportive services personnel providing services to them.

(2) (A) Any nonprofit consortium contracting with a county pursuant to this section shall be deemed to be the employer of in-home supportive services personnel referred to recipients pursuant to paragraph (3) of subdivision (d) for the purposes of collective bargaining over wages, hours, and other terms and conditions of employment.

(B) Recipients shall retain the right to hire, fire, and supervise the work of any in-home supportive services personnel providing services for them.

(3) When any increase in provider wages or benefits is negotiated or agreed to by a public authority or nonprofit consortium under this section, then the county shall use county-only funds to fund both the county share and the state share, including employment taxes, of any increase in the cost of the program, unless otherwise provided for in the annual Budget Act or appropriated by statute. No increase in wages or benefits negotiated or agreed to pursuant to this section shall take effect unless and until, prior to its implementation, the department has obtained the approval of the State Department of Health Services for the increase pursuant to a determination that it is consistent with federal law and to ensure federal financial participation for the services under Title XIX of the federal Social Security Act.

(d) A public authority established pursuant to this section or a nonprofit consortium contracting with a county pursuant to this section, when providing for the delivery of services under this article by contract in accordance with Sections 12302 and 12302.1 or by direct payment to a provider chosen by a recipient in accordance with Sections 12302 and 12302.2, shall comply with and be subject to, all statutory and regulatory provisions applicable to the respective delivery mode.

(e) Any nonprofit consortium contracting with a county pursuant to this section or any public authority established pursuant to this section shall provide for all of the following functions under this article, but shall not be limited to those functions:

(1) The provision of assistance to recipients in finding in-home supportive services personnel through the establishment of a registry.

(2) Investigation of the qualifications and background of potential personnel.

(3) Establishment of a referral system under which in-home supportive services personnel shall be referred to recipients.

(4) Providing for training for providers and recipients.

(5) Performing any other functions related to the delivery of in-home supportive services.

(6) Ensuring that the requirements of the personal care option pursuant to Subchapter 19 (commencing with Section 1396) of Chapter 7 of Title 42 of the United States Code are met.

(f) (1) Any nonprofit consortium contracting with a county pursuant to this section or any public authority created pursuant to this section shall be deemed not to be the employer of in-home supportive services personnel referred to recipients under this section for purposes of liability due to the negligence or intentional torts of the in-home supportive services personnel.

(2) In no case shall a nonprofit consortium contracting with a county pursuant to this section or any public authority created pursuant to this section be held liable for action or omission of any in-home supportive services personnel whom the nonprofit consortium or public authority did not list on its registry or otherwise refer to a recipient.

(3) Counties and the state shall be immune from any liability resulting from their implementation of this section in the administration of the In-Home Supportive Services program. Any obligation of the public authority or consortium pursuant to this section, whether statutory, contractual, or otherwise, shall be the obligation solely of the public authority or nonprofit consortium, and shall not be the obligation of the county or state.

(g) Any nonprofit consortium contracting with a county pursuant to this section shall ensure that it has a governing body that complies with the requirements of subparagraph (B) of paragraph (3) of subdivision (b) or an advisory committee that complies with subparagraphs (B) and (C) of paragraph (3) of subdivision (b).

(h) Recipients of services under this section may elect in-home supportive services personnel who are not referred to them by the public authority or nonprofit consortium. Those personnel shall be referred to the public authority or nonprofit consortium for the purposes

of wages, benefits, and other terms and conditions of employment.

(i) Nothing in this section shall be construed to affect the state's responsibility with respect to the state payroll system, unemployment insurance, or workers' compensation and other provisions of Section 12302.2 for providers of in-home supportive services. Any county that elects to provide in-home supportive services pursuant to this section shall be responsible for any increased costs to the in-home supportive services case management, information, and payrolling system attributable to that election. The department shall collaborate with any county that elects to provide in-home supportive services pursuant to this section prior to implementing the amount of financial obligation for which the county shall be responsible.

(j) To the extent permitted by federal law, personal care option funds, obtained pursuant to Subchapter 19 (commencing with Section 1396) of Chapter 7 of Title 42 of the United States Code, along with matching funds using the state and county sharing ratio established in subdivision (c) of Section 12306, or any other funds that are obtained pursuant to Subchapter 19 (commencing with Section 1396) of Chapter 7 of Title 42 of the United States Code, may be used to establish and operate an entity authorized by this section.

(k) Notwithstanding any other provision of law, the county, in exercising its option to establish a public authority, shall not be subject to competitive bidding requirements. However, contracts entered into by either the county, a public authority, or a nonprofit consortium pursuant to this section shall be subject to competitive bidding as otherwise required by law.

(*l*) (1) The department may adopt regulations implementing this section as emergency regulations in accordance with Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code. For the purposes of the Administrative Procedures Act, the adoption of the regulations shall be deemed an emergency and necessary for the immediate

preservation of the public peace, health and safety, or general welfare. Notwithstanding Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, these emergency regulations shall not be subject to the review and approval of the Office of Administrative Law.

(2) Notwithstanding subdivision (h) of Section 11364.1 and Section 11349.6 of the Government Code, the department shall transmit these regulations directly to the Secretary of State for filing. The regulations shall become effective immediately upon filing by the Secretary of State.

(3) Except as otherwise provided for by Section 10554, the Office of Administrative Law shall provide for the printing and publication of these regulations in the California Code of Regulations. Notwithstanding Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, these regulations shall not be repealed by the Office of Administrative Law and shall remain in effect until revised or repealed by the department.

(m) (1) In the event that a county elects to form a nonprofit consortium or public authority pursuant to subdivision (a) before the State Department of Health Services has obtained all necessary federal approvals pursuant to paragraph (3) of subdivision (j) of Section 14132.95, all of the following shall apply:

(A) Subdivision (c) shall apply only to those matters that do not require federal approval.

(B) The second sentence of subdivision (g) shall not be operative.

(C) The nonprofit consortium or public authority shall not provide services other than those specified in paragraphs (1), (2), (3), (4), and (5) of subdivision (d).

(2) Paragraph (1) shall become inoperative when the State Department of Health Services has obtained all necessary federal approvals pursuant to paragraph (3) of subdivision (j) of Section 14132.95.

(n) (1) One year after the effective date of the first approval by the department granted to the first public

authority, the Bureau of State Audits shall commission a study to review the performance of that public authority.

(2) The study shall be submitted to the Legislature and the Governor not later than two years after the effective date of the approval specified in subdivision (a). The study shall give special attention to the health and welfare of the recipients under the public authority, including the degree to which all required services have been delivered, out-of-home placement rates, prompt response to recipient complaints, and any other issue the director deems relevant.

(3) The report shall make recommendations to the Legislature and the Governor for any changes to this section that will further ensure the well-being of recipients and the most efficient delivery of required services.

(o) Commencing July 1, 1997, the department shall provide annual reports to the appropriate fiscal and policy committees of the Legislature on the efficacy of the implementation of this section, and shall include an assessment of the quality of care provided pursuant to this section.

SEC. 23. Section 12302.1 of the Welfare and Institutions Code is amended to read:

12302.1. (a) Contracts entered into by a county under Section 12302 shall be for terms not exceeding three years. In the event of a three-year contract, the county, at the end of the first contract term, may renew the contract for a second term not exceeding one year. The rate of reimbursement shall be negotiated consistent with regulations promulgated by the State Department of Social Services. For any extended contract, the rate shall reflect, but is not limited to, the following financial considerations:

(1) Actual expenditures by the contractor as documented during the first contract term and approved by the state.

(2) Changes in federal, state, or county program requirements.

(3) Federal and state minimum wage and contractual step merit increases.

(4) Statutory taxes.

(5) Insurance costs.

(6) Reasonable costs which have been approved by the county department of social services, as long as those costs do not increase unreimbursed county expenditures or lead to a reduction in client services, and those costs can be funded within the maximum allowable rates set by the department for in-home supportive services contracts and the county's state allocation for in-home supportive services.

(7) Other reasonable costs over which the contracting parties have no control.

(b) (1) Except as provided in paragraph (2), the purchase of services regulations adopted by the department that govern county welfare departments shall also govern acceptable in-home supportive services contracting, including the methods used to advertise, procure, select, and award the contracts, and the procedures used to amend, renew, or extend an existing contract with the same contractor, including, in addition to rate changes, any other change in other terms of the contract. In no case shall the department's regulations governing in-home supportive services contracting procedures differ from the contract procedures specified in the department's purchase of service regulations for other services purchased by county welfare departments, except as required by federal law.

(2) The department may, through regulation, require until July 1, 2000, the prior review of all bid and contract documents for managed care contracts under Section 12302.7.

SEC. 24. Section 12302.7 of the Welfare and Institutions Code is repealed.

SEC. 25. Section 12302.7 is added to the Welfare and Institutions Code, to read:

12302.7. (a) (1) Any county may contract on a nonexclusive basis with any qualified individual, organization, entity, or entities to provide or arrange for

in-home supportive services as specified in Section 12300 and personal care services as specified in Section 14132.95. Subject to subdivisions (j), (k), and (*l*), contracts under this section may be entered into on a ‘‘task frequency mode of service delivery’’ basis. For purposes of this section ‘‘task frequency mode of service’’ means a mode of service delivery under which the contractor is financially at risk for providing all in-home supportive services identified as necessary by the county pursuant to Section 12301.1 to enrolled beneficiaries in the county. The costs of these contracts shall not exceed the sum of 100 percent of the county’s average cost per case at the time the contract is entered into for the average cost per case for persons eligible to receive services under subdivision (a) of Section 12303.4 and the average cost per case for persons eligible to receive services under subdivision (b) of Section 12303.4 for cases covered by the contract, adjusted to reflect subsequent increases in state or federal minimum wage requirements and any adjustments for wages provided in Budget Acts enacted after January 1, 1997.

(2) The contract authorized by paragraph (1) may include provisions to do the following:

(A) Provide for service delivery on a task frequency basis or on an hourly basis.

(i) To the extent a contract provides for a task frequency basis of service assessment and delivery, and if services are to be claimed and reimbursed on an hourly basis, the task frequency basis shall be converted to an hourly equivalency by the county.

(ii) For purposes of this section, a ‘‘task frequency basis’’ means the provision of all services identified as necessary by the county to a beneficiary at intervals that are consistent with the needs identified by the county. This clause shall not require that each service be provided for the same duration as the same or substantially similar service provided in other modes of service delivery.

(B) Provide for the delivery of in-home supportive services authorized under this article and Medi-Cal personal care services provided for pursuant to Section

14132.95, or both, in a manner consistent with the task frequency mode of service delivery to ensure the most cost-effective and appropriate scope, frequency, and quality of services.

(C) (i) The county shall provide the case management services.

(ii) For purposes of this section, ‘‘case management services’’ includes, but is not limited to, the development of a plan of care based on the county’s needs assessment and quality of care assurance.

(D) Provide for alternative methods of payment for services, including, but not limited to, a prospectively set reimbursement rate, a negotiated reimbursement rate, or other basis permissible under state and federal law.

(3) Any contract authorized by paragraph (1) shall include provisions to provide that any in-home supportive services direct service provider shall not also serve as a case manager.

(b) (1) The contracts shall apply to recipients becoming eligible for these services on or after the start date of the contract. Persons who qualified for in-home supportive services prior to hospitalization or institutionalization in a long-term care facility and who return home shall be considered as current recipients for purposes of this section. Recipients may elect to be served under a contract subject to this subdivision and shall be informed of the contractor’s obligation to deliver all the services identified on a task frequency basis. Recipients may change contractors if there is more than one contractor with the county. A recipient consenting to services from a contractor under this section may choose his or her home attendant and replace the home attendant if so desired. Recipients shall be informed of the task frequency mode of service delivery under the contract pursuant to subdivision (f) and the contractor’s obligation to deliver all the services identified on a task frequency basis, to change contractors if there is more than one contractor with the county and they are informed that the recipients have the right to choose their home attendant and replace the home attendant if

so desired and they voluntarily consent to services under this method.

(2) At the county's option, recipients who became eligible prior to the start date of the contract may elect to be served under a contract subject to this subdivision, provided they are informed of the task frequency mode of service delivery under the contract pursuant to subdivision (f) and the contractor's obligation to deliver all the services identified on a task frequency basis, to change contractors if there is more than one contractor with the county and they are informed that the recipients have the right to choose their home attendant and replace the home attendant if so desired and they voluntarily consent to services under this method.

(c) In all cases regarding the provision of services pursuant to contracts under this section, the county shall perform all of the following:

(1) Needs assessments.

(2) Needs assessment redeterminations, including determinations for the termination of services.

(3) Quality of care assurance meeting the standards established by the director pursuant to subdivision (g).

(4) The assignment of a recipient to a contractor subject to the provisions of subdivision (e).

(d) The contract shall permit a recipient to immediately change his or her caregiver provided by the contractor.

(e) A recipient of benefits under this article in a county that has entered into a contract pursuant to paragraph (1) of subdivision (a) may elect to receive benefits through any mode of service available in the county notwithstanding the manner in which the recipient had been receiving benefits prior to the date the county contract became effective, and may elect to disenroll from any mode of service delivery authorized by the county or change to another contractor if there is more than one contractor with the county at any time, upon 72 hours' notice. Any recipient who believes his or her health or safety may be in jeopardy shall have the

right immediately to disenroll from a mode of service or change contractors.

(f) A county that contracts with an entity pursuant to subdivision (a) shall be required to fully inform recipients about the task frequency mode of service delivery, the requirements for the contractor to provide all services to which the recipient is entitled, including the frequency of the services, the recipient's right to choose either the task frequency mode of service delivery or the individual provider mode of service delivery, the recipient's right to disenroll from the task frequency mode of service delivery, and the method by which the recipient may exercise his or her right to disenroll. The county shall also inform recipients of their right to request a hearing pursuant to Section 10950 if they are dissatisfied with any action concerning the delivery of service.

(g) (1) The director shall specify performance and quality assurance standards to be included in contracts under this section for in-home supportive services to assure delivery of all required services at the time the services are needed, including weekends and nights, establish proper screening, training, and supervision of persons providing direct services and institute frequent periodic quality control audits and utilization review of all services. These standards shall not be subject to Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code.

(2) Quality control audits and utilization review shall be performed by entities that are independent of the county and the contractor. The reports of the audits and utilization review shall be made available to the public. The cost of those quality control audits and utilization review shall be considered as part of the county administrative costs under the contract.

(h) (1) Contracts subject to this section shall, to the greatest extent possible, permit recipients to set their own service schedule.

(2) Contractors shall have the capacity to deliver services on weekends and at night.

(i) (1) One year after the effective date of the first contract approved pursuant to this section, the Bureau of State Audits shall commission a study to review the performance of all contracts under this section.

(2) The study shall be submitted to the Legislature and the Governor not later than two years after the effective date of the first contract approved pursuant to this section.

(3) The study shall give special attention to both of the following:

(A) The health and welfare of the recipients under task frequency based contracts, including the degree to which all required services have been delivered, out-of-home placement rates, prompt response to recipient complaints, and any other issue the director deems relevant.

(B) The cost implications of task frequency based contracts, estimating the potential for ongoing savings, if any.

(4) The report shall make recommendations to the Legislature and the Governor for any changes to this section that would further ensure the well-being of recipients and the most efficient delivery of required services.

(j) The department shall obtain the approval of the State Department of Health Services for any contract providing personal care services entered into pursuant to this section prior to its execution to determine that it is consistent with federal law and to ensure federal financial participation for the services under Title XIX of the federal Social Security Act (Subchapter 19 (commencing with Section 1396) of Chapter 7 of Title 42 of the United States Code). The department shall expedite the approval of regulations, invitations for bids, requests for proposals, and contracts under this section.

(k) The Director of Health Services shall seek any federal waivers or approvals necessary for implementation of this section. Prior to, or at, the time the director submits any request or requests for federal approval, the director shall submit copies of the request

or requests to the County Welfare Directors Association and to the appropriate committees of the Legislature.

(*l*) This section shall be implemented only if, and to the extent that, the Director of Health Services executes a declaration that states that any necessary federal approvals have been obtained and that federal financial participation under Title XIX of the federal Social Security Act (Subchapter 19 (commencing with Section 1396) of Chapter 7 of Title 42 of the United States Code), if applicable, has been approved.

(m) Any contract entered into pursuant to this section shall provide for an assurance by the contractor that the scope, frequency, and quality of services provided under the contract shall not be reduced below the level authorized by the county pursuant to this article. A county shall ensure that the contractor provides all required service tasks to eligible recipients in accordance with their levels of need.

(n) If the department finds that the amount, scope, duration, or quality of care in a county has been reduced from that provided in the individual provider mode of service, then the department shall inform the county of its specific findings and the department shall require the county to take one of the following actions:

(1) Terminate the contract entered into under this section.

(2) Continue the contract and address the department's concerns. However, the county shall use county-only funds to fund both the county share and the state share of any increase in the cost of the program to fund necessary increases in the level of service, if any. A contract under this paragraph that does not increase the average cost per case in the county at the time of the program change shall be deemed not to increase the cost of the program.

(o) Increased costs attributable to a county contracting pursuant to this section, including increased costs that are associated with case management, information, and payrolling system augmentation shall be borne by the county.

(p) Any contract entered into pursuant to this section shall meet all applicable federal and state procurement requirements.

(q) All contracts subject to this section shall require the contractor to provide a plan for coordinating recruitment with the Greater Avenues for Independence (GAIN) program, provided for pursuant to Article 3.2 (commencing with Section 11320) of Chapter 2, in order to maximize the employment opportunities of GAIN recipients.

(r) (1) A county contracting pursuant to this section shall appoint an advisory committee of not more than 11 individuals. No fewer than 50 percent of the membership of the advisory committee shall be individuals who are current or past users of personal assistance services paid for through public or private funds or recipients of services under this article.

(2) Prior to making designations of committee members, the board of supervisors shall solicit recommendations of qualified members through a fair and open process that includes the provision of reasonable written notice to, and a reasonable response time by, members of the general public and interested persons and organizations.

(s) The department shall provide annual reports to the appropriate committees of the Legislature beginning on July 1, 1997, on the efficacy of the implementation of this section, and shall include an assessment of the quality of care provided pursuant to this section.

(t) The department may adopt regulations implementing this section as emergency regulations in accordance with Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code. For the purposes of the Administrative Procedures Act, the adoption of the regulations shall be deemed an emergency and necessary for the immediate preservation of the public peace, health, and safety, or general welfare. Notwithstanding Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, these emergency

regulations shall not be subject to the review and approval of the Office of Administrative Law.

(u) This section shall become inoperative on July 1, 2001, and, as of January 1, 2002, is repealed, unless a later enacted statute, that becomes operative on or before January 1, 2002, deletes or extends the dates on which it becomes inoperative and is repealed.

SEC. 26. Section 12550 of the Welfare and Institutions Code is amended to read:

12550. For the purposes of this article, ‘‘special circumstances’’ means those which are not common to all recipients and which arise out of need for certain goods or services, and physical infirmities or other conditions peculiar, on a nonrecurring basis, to the individual’s situation. Special circumstances shall include replacement of essential household furniture and equipment, or clothing when lost, damaged or destroyed by a catastrophe, necessary moving expenses, required housing repairs, and unmet shelter needs.

This section shall become operative on July 1, 1997.

SEC. 27. Section 12551 of the Welfare and Institutions Code is amended to read:

12551. Special circumstances shall also include special needs as provided in Sections 11023 and 11023.1.

This section shall become operative on July 1, 1997.

SEC. 28. Section 12552 of the Welfare and Institutions Code is amended to read:

12552. The county shall verify that a special circumstance does exist and shall issue a warrant for payment within the guidelines provided by the department. The county shall then send a claim to the state for payment.

This section shall become operative on July 1, 1997.

SEC. 29. Section 15200.6 of the Welfare and Institutions Code, as added by Section 129 of Chapter 722 of the Statutes of 1992, is repealed.

SEC. 30. Section 15200.6 of the Welfare and Institutions Code, as added by Section 6 of Chapter 851 of the Statutes of 1992, is amended to read:

15200.6. (a) It is the intent of the Legislature for the State Department of Social Services to allocate to counties funds as specified in this section to assist counties to increase child support collections through the child support enforcement program. For the 1992–93 fiscal year, the total amount allocated under the two methods specified in this section shall not exceed ten million dollars ($10,000,000). ''Department,'' as used in this section, means the State Department of Social Services.

(b) The funds may be used for the following purposes and in any manner that will enhance child support collections.

(1) To purchase equipment and fund staff to further a county's effort to automate its offices as long as the automation is in accordance with the Statewide Automated Child Support System being implemented statewide.

(2) To fund staff who will further the county's collection efforts.

(3) To match federal funds to increase court time given to child support, including, but not limited to, funding additional family law commissioner or referee positions which are authorized by law, renting or leasing additional space, funding additional support staff and litigant services, and obtaining additional equipment. More than one county may jointly fund a family support commissioner or referee position to serve the participating counties. For the 1996–97 and 1997–98 fiscal years, funds shall be made available to the extent appropriated by the Budget Act to the Judicial Council to implement Section 4251 of, and Division 14 (commencing with Section 10000) of, the Family Code. The Judicial Council shall allocate the funds to counties for the purpose of matching federal funds for the costs of commissioners, family law facilitators, and related costs. The Judicial Council may also use the funds to offset the nonfederal share of costs incurred for performing the duties specified in Section 4252 of the Family Code. The funds may only be used to match federal funds to increase court time if the county does not decrease its current

allocation of court time to child support cases or decrease the time more than in other areas under its plan for trial court funding. The funds allocated pursuant to this section and the federal matching funds for increased court time for child support cases shall be considered outside the requirements of trial court funding. Funds allocated to the Judicial Council shall not be subject to the requirements of subdivision (c).

(c) Counties may choose one of the following methods for obtaining these funds to increase child support collections:

(1) Matching funds method:

(A) It is the intent of the Legislature to appropriate the sum of ten million dollars ($10,000,000), or any higher amount specified in the annual Budget Act, from the General Fund to the State Department of Social Services. Within 60 days of the enactment of the annual Budget Act, any county choosing to apply for funds under this method shall submit to the department a plan specifying the amount of county match funds the county will provide, the amount of General Fund moneys the county is requesting, and the intended uses of the funds consistent with subdivision (b).

(B) The department shall allocate the funds to counties based on the amount each county has reported it is to match. In order to receive these funds, a county shall match every dollar of the General Fund money provided to the county with fifty cents ($0.50) of county funds, which shall be used for the child support program. In the event that the department receives applications that exceed the total funds available, the department shall allocate the available funds among the applications based on collections-to-cost ratios.

(C) Funds expended to comply with Section 15200.97 shall qualify for this match.

(2) Loan method:

(A) The Director of Finance is authorized to transfer up to ten million dollars ($10,000,000), or any higher amount as may be specified in the annual Budget Act, from Item 5180-101-001 to Item 5180-141-001 of the annual

Budget Act for allocation by the State Department of Social Services to county child support enforcement programs. There shall be no requirement for counties to match these funds, but the State Department of Social Services shall take any steps necessary to ensure that the maximum amount of federal funds are available to match these funds.

(B) The State Department of Social Services shall allocate these funds to counties based upon an approved application. In the event that the department receives applications that exceed the total funds available, the department shall allocate the available funds among the approved applications based on collections-to-cost ratios. In order to be approved, the application shall be signed by the district attorney and shall, at a minimum, specify:

(i) The county's estimate of the state share of baseline Aid to Families with Dependent Children (AFDC) collections in the county for the state fiscal year in which the requested allocation will be spent. For purposes of this section, ''baseline AFDC collections'' means the collections that would be made by the county in the absence of this section. The department shall review the county's baseline AFDC and non-AFDC collections estimate and shall approve the estimate if it is reasonably consistent with recent trends and developments in the county.

(ii) The specific program activities for which the county proposes to use the funds. The county shall certify that these activities are in addition to the activities, or the levels of activity, funded in the previous year.

(iii) The amount requested.

(iv) The county's estimate of the state share of increased AFDC and non-AFDC collections, minus any incentive paid to the county pursuant to Section 15200.8, anticipated to result from the activities identified in clause (ii). The department shall review this estimate and advise the county as to its reasonableness. For purposes of this section, ''increased AFDC collections'' means revenues above the county's approved estimate of baseline AFDC collections.

(v) A statement by the district attorney that he or she understands that the incentives that would otherwise be paid to the county in the subsequent fiscal year will be reduced to recover any state costs that are not fully offset by increased revenues.

(C) The department shall approve applications with approved baseline AFDC collections and in which the collections-to-cost ratio derived by dividing the amounts estimated under clause (iv) of subparagraph (B) by the amount requested under clause (iii) of subparagraph (B) is equal to, or greater than, two times the statewide average comparable collections-to-cost ratio for the previous five years.

(D) At the end of the first quarter of the state fiscal year, following the state fiscal year in which any county received an allocation pursuant to this section, the department shall estimate the total state share of AFDC collections by each county, minus each incentive paid to the county pursuant to Section 15200.8.

(E) For each of the four quarters following the first quarter of the state fiscal year following the year in which a county receives an allocation pursuant to this section, the department shall reduce the incentive payment by one-fourth of the amount which the allocation to the county pursuant to this section for the previous state fiscal year exceeds the difference, if greater than zero, resulting from subtracting the state share of baseline AFDC collections specified in the county's application from the department's estimate of the state share of total collections.

(d) The Director of Finance may authorize the transfer of amounts from Item 5180-101-001 to Item 5180-001-001 of the Budget Act of 1992 in order to fund the cost of the administrative activities associated with the enhancement of the child support enforcement program authorized by the statute adding this section, and the provisions of AB 568, AB 2621, SB 1423, and SB 1959, if those bills are enacted by the 1991–92 Regular Session of the Legislature. At least 30 days prior to those transfers, the department shall notify the Department of Finance

and the fiscal committees of the Legislature of the planned transfer.

SEC. 31. Section 16525.10 of the Welfare and Institutions Code is amended to read:

16525.10. (a) For counties that do not participate in the partnership demonstration project pursuant to Section 16560, the department shall conduct the demonstration project described in Chapter 1385 of the Statutes of 1989, which shall conform to the requirements set forth in this chapter, and that shall be integrated with the foster care program authorized by Article 5 (commencing with Section 11400) of Chapter 2 of Part 3, and child welfare services programs authorized by Chapter 5 (commencing with Section 16500).

(b) This demonstration project shall be conducted in ten counties, as requested by each participating county, pursuant to procedures established by the department. The demonstration project in these counties shall continue until June 30, 1997, if funds are appropriated for that purpose in the Budget Act of 1996.

(c) Notwithstanding any other provision of law, the ''Options for Recovery'' services as described in the demonstration project shall be funded with a 30-percent nonfederal county share consistent with the normal sharing ratio for child welfare services. This county share may be provided with county general funds, or other sources of funds which are unrestricted and are eligible for this use as provided by the funding source. The source of the county share shall meet all applicable state and federal requirements and provide counties with maximum flexibility.

SEC. 32. Section 16525.40 of the Welfare and Institutions Code is amended to read:

16525.40. This chapter shall remain in effect only until January 1, 1998, and as of that date is repealed, unless a later enacted statute, which is enacted before January 1, 1998, deletes or extends that date.

SEC. 33. Section 17000.6 of the Welfare and Institutions Code, as amended by Section 8 of Chapter 6 of the Statutes of 1996, is amended to read:

17000.6. (a) The board of supervisors of any county may adopt a standard of aid below the level established in Section 17000.5 if the Commission on State Mandates makes a finding that meeting the standards in Section 17000.5 would result in a significant financial distress to the county. When the commission makes a finding of significant financial distress concerning a county, the board of supervisors may establish a level of aid which is not less than 40 percent of the 1991 federal official poverty level, which may be further reduced pursuant to Section 17001.5 for shared housing. The commission shall not make a finding of significant financial distress unless the county has made a compelling case that, absent the finding, basic county services, including public safety, cannot be maintained.

(b) Upon receipt of a written application from a county board of supervisors, the commission may make a finding of financial distress for a period of up to 36 months pursuant to regulations that are necessary to implement this section, which shall be adopted by the commission. The period of reduction may be renewed by the commission upon reapplication by the county. Any county that filed an application or reapplication that was approved for a period of up to 12 months by the commission on or before December 31, 1996, shall be deemed to have had that application or reapplication approved for a period of 36 months. If the period of financial distress is delayed by court action, the period shall be tolled during that delay.

(c) As part of the decisionmaking process, the commission shall notice and hold a public hearing on the county's application or reapplication in the county of application. The commission shall provide a 30-day notice of the hearing in the county of application or reapplication. The commission shall notify the applicant county of its preliminary decision within 60 days after receiving the application and final decision within 90 days after receiving the application. If a county files an application while another county's application is pending, the commission may extend both the

preliminary decision period up to 120 days and the final decision period up to 150 days from the date of the application and any current period of significant financial distress of the applicant county that has been set pursuant to subdivision (b) shall be extended for the same period.

(d) This section shall not be construed to eliminate the requirement that a county provide aid pursuant to Section 17000.

(e) Any standard of aid adopted pursuant to this section shall constitute a sufficient standard of aid.

(f) The commission may adopt emergency regulations for the implementation of this section.

SEC. 34. Section 17001.5 of the Welfare and Institutions Code, as amended by Section 9 of Chapter 6 of the Statutes of 1996, is amended to read:

17001.5. (a) Notwithstanding any other provision of law, including, but not limited to, Section 17000.5, the board of supervisors of each county, or the agency authorized by the county charter, may do any of the following:

(1) (A) Adopt residency requirements for purposes of determining a persons' eligibility for general assistance. Any residence requirement under this paragraph shall not exceed 15 days.

(B) Nothing in this paragraph shall be construed to authorize the adoption of a requirement that an applicant or recipient have an address or to require a homeless person to acquire an address.

(2) (A) Establish a standard of general assistance for applicants and recipients who share housing with one or more unrelated persons or with one or more persons who are not legally responsible for the applicant or recipient. The standard of general assistance aid established pursuant to Section 17000.5 for a single adult applicant or recipient may be reduced pursuant to this paragraph by not more than the following percentages, as appropriate:

(i) Fifteen percent if the applicant or recipient shares housing with one other person described in this subparagraph.

(ii) Twenty percent if the applicant or recipient shares housing with two other persons described in this subparagraph.

(iii) Twenty-five percent if the applicant or recipient shares housing with three or more other persons described in this paragraph.

(B) Any standard of aid adopted pursuant to this paragraph shall constitute a sufficient standard of aid for any recipient who shares housing.

(C) Counties with shared housing reductions larger than the amounts specified in subparagraph (A) as of August 19, 1992, may continue to apply those adjustments.

(3) Discontinue aid under this part for a period of not more than 180 days with respect to any recipient who is employable and has received aid under this part for three months if the recipient engages in any of the following conduct:

(A) Fails, or refuses, without good cause, to participate in a qualified job training program, participation of which is a condition of receipt of assistance.

(B) After completion of a job training program, fails, or refuses, without good cause, to accept an offer of appropriate employment.

(C) Persistently fails, or refuses, without good cause, to cooperate with the county in its efforts to do any of the following:

(i) Enroll the recipient in a job training program.

(ii) After completion of a job training program, locate and secure appropriate employment for the recipient.

(D) For purposes of this paragraph, lack of good cause may be demonstrated by a showing of any of the following:

(i) The willful failure, or refusal, of the recipient to participate in a job training program, accept appropriate employment, or cooperate in enrolling in a training program or locating employment.

(ii) Not less than three separate acts of negligent failure of the recipient to engage in any of the activities described in clause (i).

(4) Prohibit an employable individual from receiving aid under this part for more than three months in any 12-month period, whether or not the months are consecutive. This paragraph shall apply to aid received on or after the effective date of this paragraph. This paragraph shall apply only to those individuals who have been offered an opportunity to attend job skills or job training sessions.

(5) Notwithstanding paragraph (3), discontinue aid to, or sanction, recipients for failure or refusal without good cause to follow program requirements. For purposes of this subdivision, lack of good cause may be demonstrated by a showing of either (A) willful failure or refusal of the recipient to follow program requirements, or (B) not less than three separate acts of negligent failure of the recipient to follow program requirements.

(b) (1) The Legislative Analyst shall conduct an evaluation of the impact of this section on general assistance recipients and applicants.

(2) The evaluation required by paragraph (1) shall include, but need not be limited to, all of the following:

(A) The impact on the extent of homelessness among applicants and recipients of general assistance.

(B) The rate at which recipients of general assistance are sanctioned by county welfare departments.

(C) The impact of the 15-day residency requirement on applicants or recipients of general assistance, including how often the requirement is invoked.

(3) The Legislative Analyst shall, in the conduct of the study required by this section, consult with the State Department of Social Services, the County Welfare Directors Association, and organizations that advocate on behalf of recipients of general assistance.

(c) A county may provide aid pursuant to Section 17000.5 either by cash assistance, in-kind aid, a two-party payment, voucher payment, or check drawn to the order of a third-party provider of services to the recipient. Nothing shall restrict a county from providing more than one method of aid to an individual recipient.

SEC. 35. Section 19355.5 of the Welfare and Institutions Code is repealed.

SEC. 36. Section 19355.5 is added to the Welfare and Institutions Code, to read:

19355.5. Notwithstanding any other provision of law, effective July 1, 1996, all rates established for the 1996–97 fiscal year pursuant to Section 19356 under this chapter for work-activity programs shall be reduced proportionately if necessary by the percentage necessary to ensure that projected total General Fund expenditures for the habilitation services and vocational rehabilitation work activity and supported employment programs based on Budget Act caseload projections do not exceed the General Fund appropriations for these programs in the Budget Act of 1996.

SEC. 37. Section 19356 of the Welfare and Institutions Code is amended to read:

19356. (a) The department shall adopt regulations to establish rates for work-activity program services subject to the approval of the Department of Finance. The regulations shall provide for an equitable ratesetting procedure in which each specific allowable service, activity, and provider administrative cost comprising an overall habilitation service, as determined by the department, reflects the reasonable cost of service. Reasonable costs shall be determined biennally by the department, subject to audit at the discretion of the department.

(b) It is the intent of the Legislature that, commencing July 1, 1996, the department establish rates for both habilitation services and vocational rehabilitation work-activity programs pursuant to subdivision (a). Nothing in this subdivision shall preclude the subsequent amendment or adoption of regulations pursuant to subdivision (a).

SEC. 38. Section 19356.6 of the Welfare and Institutions Code is amended to read:

19356.6. (a) The definitions contained in this subdivision shall govern the construction of this section, with respect to services provided through the

Habilitation Service Program, and unless the context requires otherwise, shall have the following meanings:

(1) ‘‘Supported employment’’ means paid work that is integrated in the community for persons with developmental disabilities whose vocational handicap is so severe that they would be unable to achieve this employment without specialized services and would not be able to retain this employment without an appropriate level of ongoing postemployment support services.

(2) ‘‘Integrated work’’ means the engagement of an employee with a disability in work in a natural community employment setting, including, but not limited to, groups and individual placements, in which the degree of integration is measured by the extent to which the disabled employee has opportunities to interact with nondisabled individuals other than those providing direct support services to the disabled employee.

(3) ‘‘Group placement’’ means the engagement of a group containing at least three, but not more than eight, persons with developmental disabilities in paid work in an integrated work setting in the community, usually at employer sites, and which represents a minority of the employer’s work force.

(4) ‘‘Individual placement’’ means placing a person with a developmental disability with an employer in the community and providing specialized services which are intended to lead to employer-paid and employer-supervised employment, and where services decrease as the individual adjusts to the job; and ongoing postemployment services necessary for the individual to retain the job.

(5) ‘‘Allowable supported employment services’’ means the services approved in the individual habilitation component and provided, to the extent allowed by the Habilitation Services Program, for the purpose of achieving supported employment as an outcome for persons with developmental disabilities, which may include any of the following:

(A) Program staff time spent conducting task analysis on a supported employment opportunity for a specific consumer or group of consumers.

(B) Program staff time spent in the direct supervision or training of a consumer or consumers while they are engaged in integrated work designed to achieve supported employment unless other arrangements for consumer supervision, such as employer supervision reimbursed by the work-activity program, are approved by the Habilitation Services Program.

(C) Social skills training which is necessary to ensure job adjustment and retention, and which is provided in an integrated setting, unless otherwise approved by the Habilitation Services Program.

(D) Training in certain independent living skills, such as independent travel or money management, which is necessary to ensure job adjustment and retention and which is provided in the community, unless otherwise approved by the Habilitation Services Program.

(E) Counseling with family, care providers, or others to ensure necessary support to consumers' job adjustment or to overcome problems affecting their job performance.

(F) Direct action to advocate on behalf of a consumer to resolve problems affecting the consumer's work adjustment or retention of an integrated job.

(G) Intervention with the employer to review a consumer's job performance, resolve job problems or facilitate the employer's hiring of the consumer as an employee.

(H) In the case of groups which must take equipment or materials to and from the worksite, the time the group members spend preparing for, and ending, the day's work.

(I) In the case of individual placements, job development to the extent authorized by the Habilitation Services Program, and ongoing postemployment support services needed to ensure the consumer's retention of the job.

(J) In the case of groups, the staff time spent obtaining and arranging the jobsite for a specific group of consumers.

(b) (1) Notwithstanding subdivision (c) of Section 19353, the department's habilitation services and vocational rehabilitation programs may mutually serve individuals whose individual written rehabilitation program provides for placement into supported employment, or who are in vocational rehabilitation extended evaluation.

(2) Section 19351 shall not be interpreted to limit the authority provided by this subdivision to mutually serve consumers.

(c) (1) The Habilitation Services Program shall set hourly rates for supported employment services provided in accordance with this section. The Habilitation Services Program shall apply those rates to those work-activity programs or program components of work-activity programs approved by the department to provide community-integrated services under former paragraph (3) of subdivision (d) of Section 19356.5, and to new programs or components approved by the Habilitation Services Program to provide supported employment services following enactment of this section. Both of these categories of programs or components shall be required to comply with the criteria set forth in subdivision (b) of Section 19356.7 to receive approval from the Habilitation Services Program.

(2) The hourly rate for work crews and enclaves shall be four dollars ($4) per client or, in the case of new components of existing programs, the work-activity program's daily rate converted to an hourly rate according to the formula set forth in subdivision (d), whichever hourly rate is the higher. In addition, the Habilitation Services Program may, at its discretion, negotiate a higher hourly rate for work crews or enclaves, based upon a submitted budget that is approved by the Habilitation Services Program, when there is documentation that demonstrates a need for a higher rate because of the nature and severity of the disabilities of the

clients served or unique local needs, as determined by the Habilitation Services Program. All negotiated rate increases based on unique local needs shall be contingent upon review and approval by the Department of Finance.

(3) The hourly rate for individual placement shall be twenty dollars ($20) per consumer for one-to-one services. If more than one client is receiving placement services simultaneously at the same site, the amount to be reimbursed per hour of service provided shall not exceed twenty dollars ($20) regardless of the number of consumers receiving service during the hour.

(4) These hourly rates shall be subject to rate adjustments provided by law commencing with the 1987–88 fiscal year.

(5) (A) Commencing July 1, 1991, the department shall add to each supported employment program rate an amount that is the equivalent of the hourly reimbursement received by the program for administrative services delivered during the period of July 1, 1990, to March 31, 1991, inclusive.

(B) For programs approved after July 1, 1991, pursuant to Section 19356.7, the statewide average for hourly reimbursement for administrative services shall be applied to the rate.

(6) It is the intent of the Legislature that, commencing July 1, 1996, the department establish rates for both habilitation services and vocational rehabilitation supported employment services pursuant to this section.

(d) (1) When a consumer receives traditional work-activity services and supported employment services during the same payment period, the Habilitation Services Program shall convert the daily rate for the traditional work-activity services into an hourly rate for the purpose of paying for those traditional work-activity services received by that consumer. In its conversion of the daily rate into any hourly rate, the Habilitation Services Program shall use the formula in paragraph (2).

(2) The daily rate of the work-activity program shall be divided by the number of hours in the program day of the traditional work-activity program during the historical period on which its rate is based, or as of the date the Habilitation Services Program approved the work-activity program as a new provider of habilitation services plus 5 percent.

(e) This section shall become inoperative on October 1, 1996, and, as of January 1, 1997, is repealed unless a later enacted statute which becomes effective on or before January 1, 1997, deletes or extends the dates on which it becomes inoperative and is repealed.

SEC. 39. The amendment of Section 15200.6 made by this act shall become operative only if Assembly Bill 1058 is enacted during the 1996 portion of the 1995–96 Regular Session, and as enacted, that bill contains Division 14 (commencing with Section 10000) of the Family Code and Article 4 (commencing with Section 4250) of Chapter 2 of Part 2 of Division 9 of the Family Code.

SEC. 40. Notwithstanding Section 17610 of the Government Code, if the Commission on State Mandates determines that this act contains costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code. If the statewide cost of the claim for reimbursement does not exceed one million dollars ($1,000,000), reimbursement shall be made from the State Mandates Claims Fund.

Notwithstanding Section 17580 of the Government Code, unless otherwise specified, the provisions of this act shall become operative on the same date that the act takes effect pursuant to the California Constitution.

SEC. 41. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order to ensure that changes necessary for implementation of the Budget Act of 1996 will be

effective for the entire 1996–97 fiscal year, it is necessary that this act go into immediate effect.

Approved _____, 1996

_____

Governor